



**DUNEDIN**  
CITY COUNCIL

kaunihera  
a-rohe o  
ōtepoti

**2018/19**

# **DUNEDIN CITY COUNCIL ANNUAL REPORT**

**TE RIPOATA-A-TAU MŌ TE  
KAUNIHERA A-ROHE O ŌTEPOTI**



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# SECTION 1:

# Introduction

## He kupu whakataki

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# Introduction from the Mayor

## He Kupu Whakataki nā te Kahika

Thank you for your interest in Dunedin City Council's Annual Report 2018/19. This reports on the first year of the 10 Year Plan 2018-28.

It was another year of steady growth for the city – population, job numbers and GDP all increased. Council continued to upgrade existing infrastructure, in part to help cater for that growth, while also investing in some new projects to make Dunedin an even more sustainable and attractive place to live.

2018/19 was also a significant year for strengthening the sense of community in our great small city.

In October, Dunedin was named the Most Beautiful City at the Keep New Zealand Beautiful Awards 2018. While most Dunedin residents are aware we live in New Zealand's most beautiful city, it was great to receive the recognition nationally. The award highlights the work of the many community organisations, volunteers and the DCC to make our city such a great place.

The terrible events in Christchurch on 15 March had a profound impact on many Dunedin people, but I was immensely proud of the way our community pulled together and rallied around our Muslim brothers and sisters in the wake of the tragedy. Thousands of people attended Dunedin's civic vigil at Forsyth Barr Stadium and that sense of aroha and solidarity continues to be reinforced.

In May, a new Ōtepoti Youth Vision was launched, providing the city with a framework to support our young people and take an active role in enabling them to be successful. Our young people are tomorrow's leaders and we need to nurture their development to make sure our community is in good hands going into the future.

The University of Otago officially celebrated its 150th anniversary in June. Since its founding in 1869, the University has been a key part of Dunedin – growing hand in hand with the city. In recent years, it has also been one of the key players involved in fostering Dunedin's international relationships, particularly with our sister cities Edinburgh and Shanghai. Those relationships continued to strengthen in 2018/19, particularly in education, but also in business, literature, film and tourism – bringing substantial benefits to both sides.

There was extensive stakeholder and public engagement throughout the year on the Central City Plan upgrade, focusing on the George Street stage of this transformational project for the city. After receiving feedback on ways we could make this main retail area more attractive, vibrant, safe and pedestrian friendly, Council endorsed a preliminary concept design in April.

Major progress was made on the Peninsula Connection road widening project – the Broad Bay to Portobello section officially opened in May. This project improves safety and connectivity for all road users. Good progress was also made on the urban cycleway programme, a highlight being the opening of the new Leith Bridge. It is great to see the different parts of the cycle network being connected, as this ultimately contributes to our key strategic goals of providing safe and viable sustainable travel options and reducing the city's carbon emissions.

Indeed, responding to the challenges (and opportunities) presented by climate change remained a key focus throughout the year. In June, Council committed to increasing its mitigation efforts by voting to declare a climate emergency and accelerate our efforts to become a net carbon zero city – bringing forward the city's target for achieving that goal by 20 years to 2030.

On the climate change adaptation front, we continued to plan for stormwater improvements in South Dunedin. As part of this work, we joined forces with EQC, Otago Regional Council, GNS Science and others to investigate the interaction of stormwater and groundwater in the area. Results of these investigations will help us to develop a holistic plan aimed at reducing the risk of flooding in South Dunedin.

Housing availability, affordability and quality are also key challenges for the city as it continues to grow. Waiting lists for social and emergency housing have increased and while national house prices appear to be cooling somewhat, Dunedin's continued to grow. In May, Council agreed to take a stewardship role in implementing the city's Housing Action Plan aimed at ensuring affordable and accessible homes for Dunedin residents.

Overall, another busy year of solid progress which sees both city and the Council well placed to seize the opportunities and meet the challenges ahead.

**Dave Cull**  
Mayor of Dunedin

# Introduction from the Chief Executive Officer

## He Kupu Whakataki nā te Kaihautū

We are pleased to present the 2018/19 Annual Report. It outlines how we have tried to strike a balance between renewing and upgrading existing infrastructure, while investing in some new projects.

The final annual report budgets for 2018/19 resulted in an overall rates increase of 7.96%, keeping within the limit of 8% as set out in the 10 year plan 2018-2028.

Dunedin has moved from being a low to a medium growth city. While in many ways this is a sign that our city is thriving, it has its challenges. It means the DCC needs to invest in upgrading existing infrastructure to respond to the challenges of a growing city, while also planning for some new projects which will make Dunedin an even better place to live.

In total, our capital expenditure in 2018/19 was \$101.28 million, with a big focus on renewals and improvements. Since the 2017 flood event, over \$20 million has been spent on flood remediation. This includes the replacement of the Sutton–Mount Ross bridge that was damaged during the event, and the installation of a temporary Silverstream bridge after debris caused 25 metres of the pipe bridge to be washed away. Work has also been done to target the renewal, and upsizing where necessary, of wastewater pipes as well as renewing other 3 Waters' assets in Kaikorai Valley and North East Valley. This is a sizeable spend, higher than it has ever been and it shows the DCC's commitment to catching up on deferred maintenance.

Keeping our roads safe for everyone and resilient against weather events has been another focus. Safety improvements such as the Barnes Dance, intersection and mobility improvements were completed across the city, as well as repairs on slips from flood events and maintenance on structures to secure against long term structural damage.

Another major milestone was the completion of hearings for the Second Generation District Plan (2GP) after many years of consultation and engagement with the community. The next step for the 2GP will be the appeals phase with mediations beginning in August 2019.

Following the opening of the South Dunedin Community Pop Up in late 2017, the DCC has now secured a site for the development of the permanent South Dunedin Library and Community Complex. This site was purchased for \$4.75 million and is an ideal location for access, proximity and parking. Budget is provided in the 10 year plan for this development and further funding will be sought in the 2020/21 annual plan.

A recent Council decision to become a net carbon zero city by 2030 provides the opportunity for us to develop a more coordinated response to climate change. The Council has committed to developing a climate resilience work programme as part of the 2019/20 Annual Plan and it is expected that the next 10 year plan will outline the steps needed to achieve the 2030 net carbon zero goal.

Overall, 2018/19 was another year of progress towards making Dunedin one of the world's great small cities.

**Sue Bidrose**  
Chief Executive Officer

## Mayor and Councillors | Ko te Kahika me kā Kaikaunihera



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Doug Hall  
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Jim O'Malley  
Mobile: 021 525 547



Chris Staynes (Deputy Mayor)  
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Mobile: 021 523 682



Aaron Hawkins  
Mobile: 022 100 6634



Conrad Stedman  
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Mobile: 021 311 551



David Benson-Pope  
Home: 03 454 4136



Marie Laufiso  
Mobile: 021 532 396



Lee Vandervis  
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Mobile: 021 612 340



Rachel Elder  
Mobile: 022 397 4604



Mike Lord  
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Mobile: 027 438 2097



Andrew Whiley  
Mobile 027 465 3222



Christine Garey  
Mobile: 0274 478 876



Damian Newell  
Mobile: 021 397 976

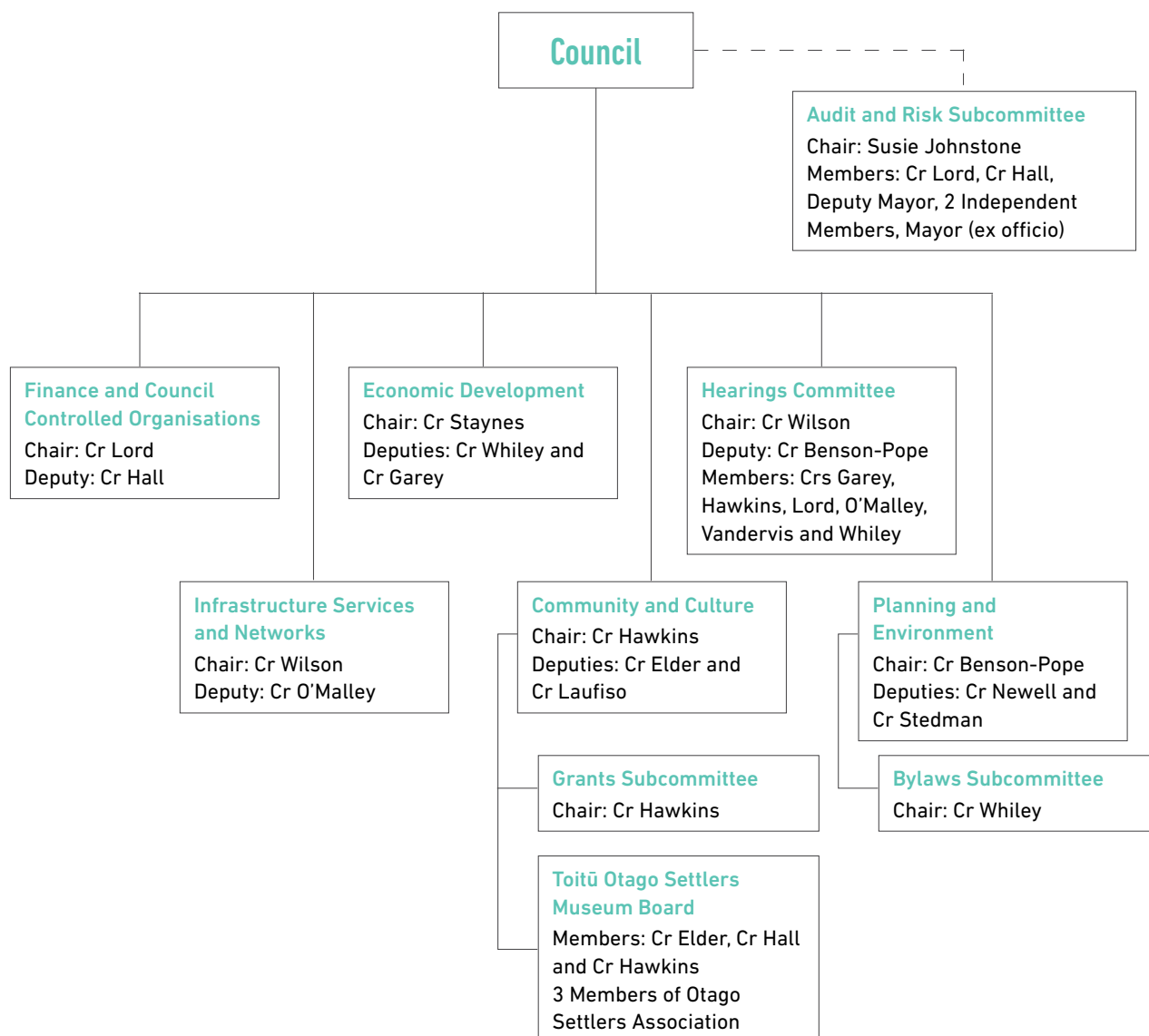


Kate Wilson  
Home: 03 464 3797  
Mobile: 027 443 8134

# Community Boards | Kā poari hapori

West Harbour	Mosgiel- Taieri	Otago Peninsula	Saddle Hill	Strath Taieri	Waikouaiti Coast
Steve Walker (Chair) M: 027 850 5603	Sarah Nitis (Chair) M: 027 5433 903	Paul Pope (Chair) M: 027 466 8446	Scott Weatherall (Chair) M: 027 440 4700	Barry Williams (Chair) M: 027 486 6433	Alasdair Morrison (Chair) M: 027 435 4384
Trevor Johnson (Deputy Chair) M: 027 284 8611	Joy Davis (Deputy Chair) M: 027 476 6047	Hoani Langsbury (Deputy Chair) M: 027 252 2876	Leanne Stenhouse (Deputy Chair) M: 021 117 5195	Joan Wilson M: 027 454 3620	Geraldine Tait M: 021 217 5492
Ange McErlane M: 0274 380 601	Martin Dillon M: 027 433 7800	Lox Kellas M: 021 191 5703	Christina McBratney M: 021 269 6170	David (Jock) Frew M: 027 820 1923	Mark Brown W: 03 482 2011
Jan Tucker M: 021 140 8890	Philippa Bain M: 027 545 3193	Christine Neill M: 027 223 4824	Keith McFadyen M: 027 444 8913	Jacinta Stevenson M: 027 322 1152	Richard Russell M: 021 444 421
Ryan Jones M: 022 432 1346	Maurice Prendergast M: 027 434 5545	Graham McArthur M: 021 477 7009	Paul Weir M: 021 039 4260	Norma Emerson M: 021 064 9355	Rose Stringer- Wright M: 021 0274 5922
Francisca Griffin M: 027 483 4707	Dean McAlwee M: 027 272 6132	Edna Stevenson M: 027 478 0543	Peter Gouverneur M: 027 683 8853	Mark O'Neill M: 027 699 4730	Mandy Mayhem- Bullock M: 021 919 555
Cr Aaron Hawkins M: 022 100 6634	Cr Mike Lord M: 027 438 2097	Cr Andrew Whiley M: 027 465 3222	Cr Conrad Stedman M: 021 311 551	Cr Mike Lord M: 027 438 2097	Cr Jim O'Malley M: 021 525 547

# Council Committee structure | Te Kōmiti Kaunihera



## Joint Committees

Otago Civil Defence Emergency Management Group

Dunedin Heritage Fund Committee

## Other Bodies Reporting to Council

### District Licensing Committee

Chair: Colin Weatherall  
Deputy: Andrew Noone  
Members: David Benson-Pope, Aaron Hawkins, Mike Lord, Lee Vandervis, Peter Burrows, Colin Lind, Tanya Surrey and Wayne Idour

### Chief Executive Appraisal Committee

Chair: Mayor  
Deputy: Deputy Mayor

### Dunedin District Plan Hearings Panel

Chair: David Collins  
Members: 7 Hearings Commissioners



# Finances | Tahua

This section presents a summary of the financial results for the year ending 30 June 2019.

## Council Financial Results

	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000	2014 \$000
Rates	149,312	138,306	134,186	130,315	125,394	121,828
Dunedin City Holdings Limited	5,902	5,902	5,902	5,902	10,450	10,450
Crown subsidies and grants	42,423	31,907	17,572	15,536	20,971	15,744
Vested assets	4,634	8,128	10,006	8,968	543	2,225
Other revenue including unrealised gains and capital receipts	84,138	74,218	70,567	67,213	69,290	65,906
<b>Total revenue</b>	<b>286,409</b>	<b>258,461</b>	<b>238,233</b>	<b>227,934</b>	<b>226,648</b>	<b>216,153</b>
Personnel expenses	62,353	57,429	53,536	49,728	48,300	46,347
Operational expense	123,798	123,793	109,123	97,327	102,956	94,399
Fair value losses	200	90	88	1,092	7,951	591
Interest expense	10,324	11,900	13,705	16,074	15,283	16,205
Depreciation expense	68,597	65,035	61,327	56,447	53,248	52,157
<b>Total expenditure</b>	<b>265,272</b>	<b>258,247</b>	<b>237,779</b>	<b>220,668</b>	<b>227,738</b>	<b>209,699</b>
<b>Operating surplus (deficit) before taxation</b>	<b>21,137</b>	<b>214</b>	<b>454</b>	<b>7,266</b>	<b>(1,090)</b>	<b>6,454</b>
<b>Cash flow position</b>						
Cash flows from operating activities	83,845	54,622	47,635	50,890	63,912	53,515
Cash flows from investing activities including capital	(95,930)	(51,250)	(31,820)	(31,126)	(78,462)	(44,986)
Cash flows from financing activities including debt raising	18,500	(2,342)	(14,023)	(22,515)	18,906	(8,486)
<b>Interest</b>						
Interest expense	10,324	11,900	13,705	16,074	15,283	16,205
Capitalised interest	-	-	-	-	-	5,310
<b>Total interest</b>	<b>10,324</b>	<b>11,900</b>	<b>13,705</b>	<b>16,074</b>	<b>15,283</b>	<b>21,515</b>
<b>Financial position</b>						
Total assets	3,399,012	3,308,233	3,185,464	3,007,089	3,006,131	3,081,279
Term loans	218,973	200,473	202,419	216,073	238,589	219,683
Total equity	3,120,186	3,052,940	2,933,438	2,737,212	2,709,755	2,811,509
Rates as a percentage of total revenue	52.13%	53.51%	56.33%	57.17%	55.33%	56.36%
Interest as % of operating revenue	3.60%	4.60%	5.75%	7.05%	6.74%	9.95%
Interest as % of rates revenue	6.91%	8.60%	10.21%	12.33%	12.19%	17.66%
Number of times that operating cash flow pays the interest expense	8.1	4.6	3.5	3.2	4.2	2.5
Number of times rates pays the interest expense	14.5	11.6	9.8	8.1	8.2	5.7
Net debt as % of total revenue	76%	78%	85%	95%	105%	102%
Net debt as % of rates	147%	145%	151%	166%	190%	180%

## Overview of Financial Results

During 2018/19 Council brought forward a significant volume of its capital program that had been initially scheduled for future years.

Some elements of this 'accelerated capital program' attracted external funding that had been included in future years' budgets. As this income is included in Council's operating surplus, but the expenditure is not, this had a significant positive impact on Council's reported operating surplus.

The elements of this accelerated capital program that did not attract external funding resulted in an increase to budgeted levels of debt at June 2019 but had no impact on Council's long term debt projections. Despite this, Council's interest expense was approximately \$1.5m lower than the previous year and \$1.9m below budget.

Smaller amounts of unbudgeted revenue were also generated from investment and property valuation gains, the vesting of infrastructure assets, the receipt of other government grants and various Council departments' activity levels being greater than budget, thus generating increased levels of fees and charges.

The impact of this extra revenue on Council's financial result was mitigated by Council's depreciation expense exceeding budget by around \$5m and other operational costs exceeding budget by a similar amount. These additional operational costs were caused largely by Council increasing maintenance activity for its property, reserves and transport areas, additional costs incurred to generate the increased income mentioned above, property value write down and preliminary costs incurred to enable Council to effectively deliver its future capital program.

## Outlook

This is the first year of Council's current 10 year plan 2018-28. The financial strategy within the 10 year plan provided a fiscally responsible platform for Council to deliver the key features of the Plan, being:

*"an ambitious programme of spending to upgrade existing infrastructure as well as some new projects which will make our city an even more attractive place to live, work, study and do business".*

Key features of the financial strategy include spending \$878m on capital projects over the ten year period, having an average of 5% per annum rate increase across years 2 to 10, limiting debt to \$350m, having a positive operating surplus for the 10 year period and continuing the full range of services offered at the beginning of the period covered by the Plan.

The results of the first year of the 10 year plan, being the year ended 30 June 2019, are consistent with this financial strategy.

## Consolidated Financial Results

	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000	2014 \$000
Operating revenue	557,465	526,125	481,207	472,809	442,534	414,851
Operating surplus (deficit) before taxation	31,470	24,512	29,318	17,579	14,049	18,052
 Total assets	 4,285,125	 4,108,552	 3,921,700	 3,683,375	 3,640,829	 3,747,437
Total equity	3,329,799	3,277,135	3,143,328	2,906,991	2,861,651	2,957,449
 Financial expenses *	 28,233	 28,974	 31,816	 37,366	 38,991	 39,448
Term loans	691,069	610,043	573,029	580,515	593,574	610,445
 Financial expenses as % of operating revenue	 5%	 6%	 7%	 8%	 9%	 10%
Term loans as % of total assets	16%	15%	15%	16%	16%	16%

\* Financial expenses excludes fair value loss on investment properties

## Issuer Credit Rating

The achievement of a good credit rating is another important indication of prudent financial management and is an important factor in obtaining finance at a competitive interest rate. The Council as a Group is assessed by the rating agency Standard & Poor's. Below is the rating history for the Group. The most recent and full Standard & Poor's rating report is available on the Council website.

### Standard & Poor's Credit Rating

Issuer Credit Rating as of;	11/12/18	8/12/17	15/12/16	16/12/15	8/12/14	10/12/13
Rating;	AA/Stable/A-1+	AA/Stable/A-1+	AA/Stable/A-1+	AA/Stable/A-1+	AA/Stable/A-1+	AA/Stable/A-1+

# Strategic overview | He tirohaka whānui

Often people ask how the Council makes decisions and prioritises work to develop our city. The decision-making process starts with the vision of Dunedin as one of the world's great small cities.

Dunedin has a thriving economy, with connected and supportive communities. The distinctive built heritage and treasured natural environment are enjoyed by residents and visitors alike. The compact city is also safe and accessible and has great arts and culture.

The Council, working with the community and stakeholders, has developed a strategic framework to support decision-making with key priorities for investment, effort and development.



There are eight strategies focused on long-term outcomes and Dunedin's development.

- The *3 Waters Strategic Direction Statement* sets out how the DCC will ensure the city has safe, reliable and affordable water services.
- The *Spatial Plan* shapes the form of the city.
- The *Economic Development Strategy* sets out priorities for creating jobs, incomes and opportunities.
- The *Social Wellbeing Strategy* outlines how the DCC will foster inclusive communities and quality lifestyles.
- The *Integrated Transport Strategy* sets priorities for how the safe and efficient movement of people and goods will be supported.
- *Ara Toi Ōtepoti Arts and Culture Strategy* roadmaps strategic actions which support the creative sector in Dunedin and develop an environment which acknowledges the intrinsic value of the arts.
- *Te Ao Tūroa, Dunedin's Environment Strategy* delineates Dunedin's climate change impact plan and connects the communities with sustainable ecology and environmental actions.
- The *Parks and Recreation Strategy* develops the use of Dunedin's open spaces, recreation facilities and parks to connect and value our spaces and promote more active communities.

The Council's work to achieve these strategic goals is underpinned by two overarching principles: Te Tiriti o Waitangi / the Treaty of Waitangi – the Council's work and partnership with Māori is guided by the Treaty principles; and sustainability – the Council takes a sustainable development approach that takes into account the social, economic, environmental and cultural interests of Dunedin's communities and the needs of future generations.

## Achieving great outcomes as a community

The purpose of a strategic approach to decision-making is ultimately to achieve great outcomes for all of us. The hard work is done by everyone in the city when it comes to achieving our goals and the Council is just one of many stakeholders working to support Dunedin being one of the world's great small cities.

### Summary of community outcomes and indicators

A summary of the community outcomes that set out what the city will be like if the Council achieves its goals is set out below. The indicators for tracking progress against these outcomes, plus an update with the 2018/19 results (and Māori statistics if applicable) are also provided.

Outcome	Indicators	2018/19 update	Māori stats 2018/19 (if applicable)
Vision	Perception that Dunedin is one of the world's great small cities	86% (QoL, 2018)	87% (QoL, 2018)
<b>Social Wellbeing:</b> A supportive city with caring communities and a great quality of life	Percentage of residents who have experienced problems with damp or mould in their homes during winter	19% (QoL, 2018)	31% (QoL, 2018)
	Residents' sense of community within their local neighbourhood	84% (ROS, 2018/19)	77% (ROS, 2018/19)
<b>3 Waters:</b> A healthy city with reliable and quality water, wastewater and stormwater systems	The water quality of Dunedin's lakes and rivers using Land Air Water Aotearoa measures	Not measured, measure still in development	N/A
	Satisfaction with the way the DCC manages the city's water related infrastructure	62% (ROS, 2018/19)	54% (ROS, 2018/19)
<b>Spatial Plan:</b> A compact city with a vibrant CBD and thriving suburban and rural centres	Satisfaction with the way the city is developing in terms of its look and feel	69% (ROS, 2018/19)	66% (ROS, 2018/19)
	Urban development capacity	Not measured, measure still in development	N/A
<b>Economic Development:</b> A successful city with a diverse, innovative and productive economy	Growth in full time equivalent jobs	2.7% growth in filled jobs (Year to March 2018) Note: Change of data sources mean a slight change in indicator measure (FTE to filled jobs)	3.2% growth in filled jobs (Year to March 2018) Note: Change of data sources mean a slight change in indicator measure (FTE to filled jobs)
	Growth in real GDP per capita	-0.7% growth (Year to March 2019)	N/A
	Ability to cover costs of everyday needs	53% (QoL, 2018)	52% (QoL, 2018)
<b>Ara Toi:</b> A creative city with a rich and diverse arts and culture scene	Percentage of residents rating Dunedin as creative	77% (ROS, 2018/19)	84% (ROS, 2018/19)
	Percentage of residents visiting one or more cultural facility within the last twelve months	92% (ROS, 2018/19)	96% (ROS, 2018/19)
<b>Integrated Transport:</b> A connected city with a safe, accessible and low-carbon transport system	Percentage of residents who walk, jog, cycle or take public transport to work	16% (ROS, 2018/19)	27% (ROS, 2018/19)
	Number of fatal and serious injury crashes	46	4
<b>Te Ao Tūroa:</b> A sustainable city with healthy and treasured natural environments	City greenhouse gas emissions	1,427,420 t CO <sub>2</sub> e (2014/15)	N/A
	Total area of indigenous habitats in Dunedin protected by the District Plan, DCC reserve land and land held under QEII covenants and other statute-based protective mechanisms and/or recognised as Areas of Significant Conservation Value	ASCV area = 19,938 ha QEII area registered since 01/01/1995 = 739.40 ha DoC protected land added since 1995 = 21,064 ha Total area of 35,010 ha (less than the sum of the figures above as there is overlap).	N/A

Outcome	Indicators	2018/19 update	Māori stats 2018/19 (if applicable)
<b>Parks &amp; Recreation:</b> An active city with quality and accessible recreational spaces and opportunities	Percentage of residents who participate in physical activity five or more days a week	45% (QoL, 2018)	40% (QoL, 2018)
	Percentage of residents using a park, reserve and/or open space and/or recreation facility at least once a month	97% (ROS, 2018/19)	99% (ROS, 2018/19)

Highlights of the activity and projects undertaken in the 2018/19 financial year in each of the outcome areas are set out below.

### A supportive city with caring communities and a great quality of life

- Council adopted the Dunedin Housing Action Plan 2019 – 2039, developed by the multi-sector Mayor's Taskforce for Housing. The Taskforce also hosted the city's Housing Summit in February 2019 bringing together developers, local and central government, social service providers and private business to input into housing solutions for the city. The Housing Action Plan will be implemented from 1 July 2019.
- The Ōtepoti Youth Vision was launched in May, following input from youth, community, education, health and central and local government groups. The Vision sets out goals and objectives to foster successful youth development within the city. As at 30 June, 37 organisations had signed up to support the Ōtepoti Youth Vision in the way they work and welcome youth.
- The DCC supported people of the Muslim faith, and the wider community, in a range of ways following the terrorist attack in Christchurch on 15 March, which claimed the lives of 50 people. The DCC, with Amnesty International and mana whenua, organised the Standing Together Ōtepoti Dunedin Civic Vigil, attended by 18,000 people at the Forsyth Barr Stadium on 21 March. The DCC also coordinated a national remembrance service on 29 March. Additional support for Muslim families was provided including; food collections through its libraries, information notices in Arabic and English on safety, wellbeing and funding, and condolence books provided to the Otago Muslim Association. The DCC continues to support and connect with groups supporting people of Muslim faith, particularly those newer to Dunedin.

### A healthy city with reliable and quality water; wastewater and stormwater systems

- Work on the refurbishment of the Ross Creek Reservoir was substantially completed and the site re-opened for recreational use. This work is part of a larger project to improve the security of Dunedin's water supply.
- The Silverstream pipe bridge supports the pipeline that conveys raw water from the Deep Creek catchment area across the Silverstream to the Mount Grand Reservoir. A temporary bridge was installed in December 2018 after debris building up against the bridge supports during a flood event caused 25 metres of the pipe bridge to be washed away. The temporary bridge has a life expectancy of five years and allows time for development of a permanent solution.
- Kāti Huirapa Rūnaka ki Puketeraki, the DCC and as many as 40 volunteers from the local community built a driftwood windbreak on the sand spit. The structure is designed to encourage sand trapping to heal the sand spit and reduce the impact of waves on the shorefront.
- Planning continued for stormwater improvements in South Dunedin. This project aims to reduce the risk of flooding and damage to homes and businesses. As part of this project, the DCC, Otago Regional Council, GNS Science, the Earthquake Commission, QuakeCORE and the University of Otago worked together to implement a monitoring and modelling programme for stormwater and groundwater in the South Dunedin area.

### A compact city with a vibrant CBD and thriving suburban and rural centres

- Decisions on the 2GP were released in November 2018. 83 appeals were received, and Environment Court mediation is due to begin in August 2019. Two variations to the 2GP have been initiated – Variation 1 will correct minor errors, and Variation 2 aims to provide additional residential capacity to meet our requirements under the National Policy Statement for Urban Development Capacity (NPS). As required by the NPS, a housing and business assessment report was completed in January 2019 and shows that we have a shortfall of zoned, feasible residential land over the medium and long terms.
- The Heritage Fund has grown in financial capacity with the consolidation of the DCC's heritage grant schemes into the Fund in mid-2018; its grant from the DCC amounted to \$670,000 in 2018-19. A total of 29 grants were offered for heritage projects totalling \$461,000. Applications to the Fund have increased this year with active encouragement, and as legacy payments are finalised from the previous grant schemes, more grants will become available to incentivise and support heritage-led regeneration and restoration projects across the city.



### A successful city with a diverse, innovative and productive economy

- Enterprise Dunedin was successful in securing 13 conference bids, including three international conferences, for the city for the period of 2020-2026. The estimated value of these conferences is approximately \$5.5 million with 91,640 delegate days.
- Work continued on the development of the Centre of Digital Excellence (CODE) which will build on existing gaming and digital businesses and academic centres funded through the Provincial Growth Fund. A decision is expected in early 2019/20.
- Dunedin has been the production base for Blumhouse Productions (USA) to shoot a feature film. A crew of about 80 people worked on the film for a 16-week schedule. It will be followed by another similar-sized feature film (NZ) to be based in the city.
- Enterprise Dunedin worked with other councils across Otago on the development of the Otago Regional Economic Development framework to coordinate activities across Otago. Once agreed, the framework is intended to inform projects to address collective challenges and maximise collective strengths across the region.
- The Study Dunedin programme worked under its new vision to promote and support sustainable growth and the delivery of an outstanding study experience for international students. This included two Mayoral welcome events for high school students, an offshore visit to Shanghai and Nanjing, hosting education agents from Colombia and producing a new video for the China high school market. Significant new relationships were developed with a group of high schools in Thailand, building on three hosted visits to the city, the signing of a Memorandum of Understanding and the first group of students coming to study in Term 1, 2019.
- The DCC signed a Memorandum of Understanding with the Ministry of Health, Southern DHB, and University of Otago for the development of a District Energy Scheme business case – the final report is due in August 2019.

### A creative city with a rich and diverse arts and culture scene

- The DCC secured a site for the development of the South Dunedin Library and Community Complex in March 2019. Purchased for \$4.75 million, the 4,581m<sup>2</sup> property (land and buildings) on the corner of King Edward Street and Macandrew Road has good carparking, is close to bus services, is earthquake strengthened and provides a street frontage on King Edward Street. It is planned to use existing buildings on about 1,200m<sup>2</sup> of the site for the library and community complex and retain the tenants in the remainder of the building. A budget of \$5.25 million was provided in the 10 year plan and additional funding to complete the project will be sought in the 2020/21 Annual Plan process.
- The Dunedin Writers & Readers Festival ran during May 2019 and offered 36 events with over 60 participants, featuring many wonderful local writers and eight overseas guests including bestselling Irish novelist John Boyne; BAFTA and MOBO-winning UK hip-hop artist Akala; Australian novelist Markus Zusak and Children's Laureate Morris Gleitzman. All events in the programme were well attended with several being sold out, including the selection of free events and workshops, and the expanded and popular schools' programme.
- In response to the closure of the Fortune Theatre and in partnership with Creative New Zealand, Ara Toi staff are working closely with consultants Charcoalblue and the performing arts community to complete the Performing Arts Feasibility Study which will inform future decision making for the performing arts in Dunedin.
- The 10th anniversary of the Dunedin Chinese Garden was commemorated with a variety of events, public talks and photographic exhibitions in both Dunedin and Shanghai. As part of the anniversary celebrations, a rare and valuable ceramic pagoda was donated to the Garden to symbolise the friendship between New Zealand and the People's Republic of China.

### A connected city with a safe, accessible and low-carbon transport system

- The first stage of the Peninsula Connection Safety Improvement Project was completed between Broad Bay and Portobello and an official opening was held on the 12 May 2019. Construction commenced on sections between Vauxhall and Macandrew Bay. The next section will be the retaining wall at Turnbolls Bay. In addition, the urban cycleway programme is continuing with the new Leith bridge completed along with improvements to Portsmouth Drive, the Harbour basin and Anzac Avenue.
- A number of safety improvement projects were undertaken across the transport network. These included a further Barnes Dance, intersection improvements, mobility improvements, school cluster safety work, improved guard railing, Stuart Street median safety improvement, roundabout trials and permanent constructions. Investment continues on infrastructure to promote active transport in accordance with the Government Policy Statement.
- The contract to complete the installation and subsequent maintenance of new LED lights on the Dunedin street light network has been awarded to Broadspectrum. The overall cost of the installation of the lights and central management system was in line with budget estimates. Work has commenced with the first replacement lights likely to be installed later in 2019.

### A sustainable city with healthy and treasured natural environments

- The DCC delivered a second year of Te Ao Tūroa grants for two community groups totalling \$30,000, which supported projects on climate change adaptation and the growth in Dunedin's backyard ecosanctuaries.
- Commissioned for a second year, the Environment Envoy – the 4KT Elephants project – directly engaged more than 350 people, mainly families and students, in practical solutions to repurpose textile waste and reduce landfill.
- There has been continued support for education and volunteer initiatives such as Town Belt Kaitiaki, War on Weeds, Trail Crew and Wildlife Response.
- The Te Ao Tūroa Partnership resolved to support a trial of a summer studentship, allocating \$8,000 toward a trial studentship project with the University of Otago and Otago Polytechnic.
- The online 'Story Map' of Dunedin was finalised – a tool that makes it easier to discover areas of interest around the Town Belt, which is one of the city's key environmental assets.

### An active city with quality and accessible recreational spaces and opportunities

- Just Swim was launched in July 2018 as the DCC's own swim school, departing from the Swimsation franchise model that began in 2003. The swim school caters for babies through to adults and provides learn to swim lessons and water safety activities for most primary and intermediate schools in the Dunedin region. A Just Swim website was unveiled, online payments were introduced and an online parent portal to track children's progress was made available. Customer feedback on these initiatives have been very positive, and number of customers has steadily risen each term.
- The Camping Control Bylaw came into effect on 1 November 2015. Most people abided with the bylaw, with an estimate of a 97% average compliance rate over the season. The DCC has security patrols checking known freedom camping sites every night for compliance regarding parking and self-contained campervans. Two Community Rangers assisted with freedom camping by providing information and advice to people. The introduction of the Thomas Burns site as a freedom camping location has taken the pressure off Warrington Domain and Ocean View reserve sites.
- The Community Ranger initiative was introduced in the 2018/2019 season as a way of providing education and advice to people visiting the city as freedom campers and also those visiting the city's beaches. The rangers are employed jointly by the DCC and the Department of Conservation as the sites they visit are owned by either one or the other agency. The initiative has been very successful, particularly with regard to freedom camping and vehicles on beaches. The rangers have no powers to issue infringements; instead they talk to people and explain the reasons why vehicles are not permitted on beaches for reasons of wildlife protection or safety to users of the coastal areas.
- Construction of the new artificial turf and associated landscape works were completed on Logan Park by July 2019. The \$4m project was built with support from Football South and is already proving popular with the community. The turf will primarily be used for soccer and is available for community bookings and use.

# Māori participation update | He pūroko mō kā take Māori

The Dunedin City Council is committed to the Treaty of Waitangi and enabling Māori to contribute to decision-making processes. The Council is committed to working in partnership with Manawhenua across core activities and projects.

## Māori Participation Working Party

The Māori Participation Working Party has been the key governance mechanism giving effect to the 2006 Memorandum of Understanding between the Dunedin City Council and Manawhenua - Te Rūnanga o Ōtākou and Kāti Huirapa Rūnaka ki Puketeraki. The Memorandum provides the framework within which the DCC and Manawhenua work together to consult and provide opportunities for Māori to contribute to local government decision-making processes. The Araiteuru Marae Council has been representing Taurahere (non-Kāi Tahu Māori) in the city.

The aims of the Māori Participation Working Party are to:

- Provide a direct line of communication between the Council with Kāi Tahu Rūnanga and Taurahere in the Dunedin area.
- Facilitate communication and understanding at the executive/governance level of all parties.
- Provide a forum for discussion of strategic level issues.
- Provide advice to the Council on issues relating to Māori.
- Identify, set out and evaluate options for the participation of Māori in areas arising from the Local Government Act 2002.

The Council also works with, and seeks advice from, Te Roopu Taiao, the Otago-wide consultation model between Otago local authorities and the Papatipu Rūnanga of the Kāi Tahu Otago Takiwa.

All DCC staff reports to the Council and its Committees include a Māori impact statement. This outlines any opportunities Māori may have had to contribute to decision-making and includes if relevant, reference to the Treaty of Waitangi, Manawhenua, cultural implications, and social and environmental implications.

## 2018/19 Update

This is the first year that two performance measures have been included to track progress of the Council's commitment to the Treaty of Waitangi. These measures will be refined as the DCC works to embed Treaty of Waitangi principles across all work, and improve processes used to track progress.

Te Tiriti o Waitangi/Treaty of Waitangi Indicator	2018/19
Rūnaka satisfaction with the Māori Participation Working Party and other forms of engagement to be measured through an annual survey.	Rūnaka and Council have been engaged in a strategic review of the partnership during 2018/19, including the Māori Participation Working Party. An annual survey has not been undertaken due to dialogue with Rūnaka throughout the year, resulting in recommendations for improving the partnership framework. This is expected to be updated in 2019/20, informing future decision-making and engagement processes.
Percentage of key DCC printed publications that include Māori content and Te Reo translations	85% Key DCC printed publications have been defined as corporate documents: the 10 year plan, the annual report and 'FYI' – the DCC's primary printed communication tool. There are limitations with this scope, as the DCC produces and influences a wider range of project-specific publications, many of which include and reflect Te Reo Māori and Te Ao Māori. Omission of digital content is also a limitation as this is a key way that the DCC communicates with the community. These considerations will be discussed as the DCC reviews how to meaningfully measure organisational commitment to embedding the principles of the Treaty of Waitangi. These discussions will inform the development of the next DCC 10 year plan.

## Highlights

In addition to partnering across a range of steering groups and projects, highlights of the work undertaken during 2018/19 include:

- Significant Manawhenua engagement and input into the George Street part of the Central City Plan, including integrated and collaborative development of objectives, design and procurement processes.
- Finalisation of a digital app to support elected members and staff with their knowledge and understanding of Te Reo, including local dialect, and Tikaka Māori.
- Creation of new Senior Manager – Māori position, sitting within the senior management team of DCC.
- Treaty of Waitangi training undertaken by all staff in executive and senior leadership positions of DCC.
- Inclusion of Māori specific booster to enable results to be produced separately for Māori across all measures in the Dunedin Quality of Life Survey.
- Review and analysis of Manawhenua partnership arrangements, including Memorandum of Understanding and the Māori Participation Working Group. Findings will inform 2019/20 strategic partnership development and work programme.

# Sustainability update | He pūroko whakapūmautaka

The DCC is committed to its strategic principle of sustainability, that Dunedin works to become a sustainable city and that the DCC is a leader in encouraging the development of a sustainable city.

## Background

Alongside Te Tiriti o Waitangi/the Treaty of Waitangi, sustainability is a strategic principle underpinning Dunedin's vision of being one of the world's great small cities. Te Ao Tūroa, Dunedin's Environment Strategy, sets the strategic direction for improving Dunedin's environmental wellbeing, and connecting the Dunedin community with sustainable ecology and local environmental actions.

A key focus has been on carbon reduction and bringing forward the city's goal to be net carbon zero by 2030 and to prepare to adapt to climate change impacts. The DCC continues to be engaged in two commitments that support carbon reduction, one for the wider city called Global Covenant of Mayors (formerly Compact of Mayors) and another focused on the organisation called CEMARS (certified emissions management and reduction scheme). Planning for future growth through the District Plan will also offer opportunities to reduce carbon emissions on a citywide level.

As part of the 2019/20 Annual Plan, Council approved the development of a climate resilience work programme. Adapting to climate change also continued to be a key part of DCC's business and planning in 2018/19. South Dunedin is one area where DCC has been planning major projects and upgrades to prepare stormwater and wastewater systems for more intense rainfalls that are expected.

The DCC continues its divestment from fossil fuels for the Waipori Fund and maintains a formal opposition to offshore oil and gas. The DCC will continue to take a sustainable approach to its activities and programmes by continuing to use resources responsibly, taking a long-term view, considering future generations and taking account of the social, economic, environmental and cultural effects of DCC's decisions.

## 2018/19 Update

This is the first year that two performance measures have been included to track progress of the Council's commitment to sustainability.


Sustainability Indicator	2018/19	Māori stats 2018/19
Percentage of residents agreeing that 'Dunedin is a sustainable city'	54% (ROS, 2018/19)	48% (ROS, 2018/19)
Percentage of residents agreeing that 'the DCC is a leader in encouraging the development of a sustainable city'	43% (ROS, 2018/19)	45% (ROS, 2018/19)

## Highlights

Some of the highlights of the work undertaken by the DCC in the 2018/19 year include:

- Progressing to the final stage of the global Covenant of Mayors commitment and the development of the Dunedin climate action plan.
- Declared a climate emergency and brought forward the net carbon zero goal to 2030.
- Dunedin took the top accolade in the Keep New Zealand Beautiful Awards 2018, highlighting the work and projects across Dunedin, such as the beautification work, recycling projects and sustainable tourism.
- Sponsored the Great Kererū Count 2019, inspiring more people to care for the natural world and help achieve a healthy environment set out in Te Ao Tūroa.
- Preliminary development and scoping work for a DCC Corporate Sustainability Framework.
- Sponsored and supported the July 2019 Waste Jam, run by Startup Dunedin, which was a weekend long session aimed at innovative ways to examine waste management and minimisation.
- Facilitated the January 2019 Tackling Construction and Demolition Waste in Dunedin seminar, which brought together industry and local experts to look at demolition waste on a national and local level.





## SECTION 2:

# Services and activities

## He ratoka, he mahi

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## Services and activities | He ratoka, he mahi

This section of the Annual Report describes the services provided by the Council and shows the results of service performance monitoring and measurement for the Council's groups of activity. Services are grouped into 12 groups of activity based on their primary community outcome contribution.

This section describes how each group of activity fits into the strategic framework including links with community outcome and major strategies. The service rationale for the activities in the group are outlined and the service performance measurement results by level of service statement. Explanations regarding achievement/non-achievement of measures are also provided. An outline of some of the service achievements or effects on the community during the year, comparison of capital expenditure budgets vs actuals and a funding impact statement for each group is also provided.

Group of Activity	Services and activities	
<b>Roading and footpaths</b>	• Transport	
<b>Water supply</b>	• Water supply	
<b>Sewerage and sewage</b>	• Wastewater	
<b>Stormwater</b>	• Stormwater	
<b>Reserves and recreational facilities</b>	• Aquatic services • Botanic Garden	• Cemeteries and crematorium • Parks and reserves
<b>Property</b>	• Commercial property • Community housing	• Operational property
<b>Libraries and museums</b>	• Dunedin Chinese Garden • Dunedin Public Art Gallery • Dunedin Public Libraries	• Olveston Historic Home • Toitū Otago Settlers Museum
<b>Waste management</b>	• Waste and environmental solutions	
<b>Regulatory services</b>	• Building services • Compliance solutions	• Parking operations • Parking services
<b>Community and planning</b>	• City development • Resource consents	• Community development and events
<b>Economic development</b>	• Business development • Destination Dunedin	• Dunedin i-SITE Visitor Centre
<b>Governance and support services</b>	• Business information services • Civic and administration • Communications and marketing • Corporate leadership • Corporate policy • Customer services agency	• Finance (includes Warm Dunedin) • Fleet operations • Human resources • Investment account • Waipori Fund

# Residents' Opinion Survey 2018/19

The Residents' Opinion Survey is one of the DCC's main methods of measuring performance.

The Residents' Opinion Survey (ROS) uses a sequential mixed-mode methodology and is conducted continuously over the year.

Residents are randomly selected from the electoral roll to participate in the survey. Selected residents are sent a letter that invites them to complete the survey online. After two weeks, non-responding individuals are sent a reminder postcard and then a paper questionnaire a further one and a half weeks later.

In 2018/19, 1,372 responses were obtained over the course of 12 months, giving a response rate of 28% and a margin of error of +/- 2.2% at the 90% confidence interval. Recent ROS response rates were 26% in 2018, 25% in 2017 and 29% in 2016. Post data collection, the sample has been weighted to known population distributions according to the 2013 census using age, gender and ethnicity.

Technical note: Not all survey respondents answered all questions. The 2018/19 ROS has been conducted using standard analytical methods. Satisfaction with facilities are reported for respondents who have used that facility in the previous 12 months. Where a respondent has answered 'don't know', their response is not included in the percentage calculations.

The full results of the 2018/19 ROS and results of previous years are available at [www.dunedin.govt.nz/ros](http://www.dunedin.govt.nz/ros).

## Satisfaction Scale

A ten point scale is used to measure satisfaction although results are presented at the five point level and either a 'Don't know' or 'Not at all' option is provided as appropriate.

Very dissatisfied		Dissatisfied		Neutral		Satisfied		Very satisfied	
1	2	3	4	5	6	7	8	9	10

# Roading and footpaths | Kā huanui me kā ara hīkoi

## What we provide:

The roading and footpaths group includes activities and services related to transport.

The DCC provides for the planning, construction, maintenance, and upgrading of Dunedin's roads and footpaths. This includes making sure street lighting is adequate, traffic signals and road marking are functioning and clear, and cycle ways and footpaths are fit for purpose for Dunedin's communities.

The transport network is vital to Dunedin's economy and is an important contributor to the lifestyle of every Dunedin resident as they move about the city. It is DCC's role to maintain and upgrade the transport network to meet all relevant legislative requirements.

## Community outcomes

The roading and footpaths group contributes to the following community outcomes:

- A connected city with a safe, accessible and low-carbon transport system
- A supportive city with caring communities and a great quality of life
- A successful city with a diverse, innovative and productive economy
- An active city with quality and accessible recreational spaces and opportunities
- A sustainable city with healthy and treasured natural environments
- A compact city with a vibrant CBD and thriving suburban and rural centres



## Measuring performance

Measure		Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
Level of service: The transport network facilitates efficient travel						
Percentage of residents satisfied with overall roading and maintenance*		ROS	≥60%	35%	40%	Not achieved. 1.
Average travel time by vehicle on five key urban routes at peak time (7.30-9.30am)	Route 1 - St Clair to Octagon	Travel Time Survey	<15 minutes	10.1 min	9.5 min	Achieved. 2.
	Route 2 - Normanby to Octagon		<15 minutes	10.2 min	9 min	Achieved. 3.
	Route 3 - Mosgiel to Octagon		<22 minutes	18.3 min	18 min	Achieved. 4.
	Route 4 - Brockville to Octagon		<15 minutes	8.2 min	7.47 min	Achieved. 5.
	Route 5 - Waverley to Octagon		<15 minutes	10.5 min	10.5 min	Achieved. 6.
Level of service: The transport network facilitates active travel						
Percentage of residents satisfied with the suitability of the road network for cyclists throughout the city		ROS	≥30%**	34%	28%	Achieved. 7.
Percentage of residents satisfied with condition of footpaths throughout the city		ROS	≥60%	45%	44%	Not achieved. 8.
Percentage of residents satisfied with the ease of pedestrian access throughout the city		ROS	≥65%	68%	70%	Achieved. 9.
Percentage of residents satisfied with the condition of the streetlights throughout the city		ROS	≥75%	65%	64%	Not achieved. 10.
Level of service: The transport network facilitates accessibility						
Percentage of residents satisfied with parking availability in the central city		ROS	≥45%	22%	28%	Not achieved. 11.
Level of service: The transport network facilitates safe travel						
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. (DIA measure)		NZTA Dunedin City Road Safety Report	Reducing	3 fewer crashes with fatalities or injuries	2 more crashes with fatality or injury	Achieved. 12.

Measure	Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: The transport network facilitates comfortable travel</b>					
The average quality of ride on local sealed road network measured by smooth travel exposure (DIA measure)	RAMM, NZTA	Smooth travel exposure $\geq 80\%$	77%	78%	Not achieved. 13.
<b>Level of service: The transport network facilitates sustainable maintenance</b>					
Percentage of sealed road network that is resurfaced (DIA measure)	Work achieved reports	Target (m <sup>2</sup> ) equating to 6% of network	4.64% of the network	6.58% of the network	Not achieved. 14.
Percentage of footpaths within the level of service standard adopted by the Council in its Asset Management Plan (DIA measure)	RAMM Rating	<15% of network is rated poor or very poor	18%	27%	Not achieved. 15.
<b>Level of service: The network is maintained in a responsive manner</b>					
Percentage of service requests relating to roads and footpaths to which the response is provided within five working days (DIA measure)	Customer Service Agency Records	$\geq 90\%$	94%	97%	Achieved. 16.

\* This measure was previously 'Percentage of residents satisfied with condition of roads throughout the city'.

\*\* This target was previously  $\geq 28\%$ .

## Explanations

- 35% of residents are satisfied with the condition of roads, a decrease of 5%. Increased investment is planned in the 10 year plan for both maintenance renewals and new capital projects.
- 3., 4., 5., & 6. Travel times remain consistent and within target over the previous four years indicating consistently reliable travel times.
- 34% of residents are satisfied with the suitability of the road network for cyclists. This shows an increase of 6% from the prior year and above the target of 30%. The Urban Cycleway Programme will improve pedestrian and cycleway connections across the city with further projects underway in the 2019/20 year.
- 45% of residents were satisfied with the condition of footpaths throughout the city. This is a increase of 1% on the prior year. Investment in footpath renewals increased in 2018/19.
- 68% of residents are satisfied with the ease of pedestrian access throughout the city which shows a decrease of 2% from the prior year and is above the target of 65%. Minor improvement projects to improve pedestrian safety, increased investment in footpath renewals, implementation of Barnes Dance intersections and projects such as the Central City Upgrade and Central Schools Cluster, all seek to improve pedestrian access in the city.
- 65% of residents are satisfied with the condition of street lights on the network, an increase of 1% on prior year. The contract for installation and subsequent maintenance for the LED street light upgrade has been awarded. Work has commenced and the first replacement will commence in late 2019.
- 22% of residents are satisfied with parking availability in the central city. This is a decrease of 6% from the prior year and below the target of 45%. A parking review is underway and its aim is to develop a parking management plan that will meet the needs of the city.
- A safety improvement programme is delivered each year that looks to address engineering improvements to areas of the network identified as high risk. No fatalities in the last two financial years. Serious injuries have reduced by three since last financial year. Continued Low Cost Low Risk (LCLR) safety improvements within the network and emphasis on safety education.
- 77% of the sealed network meets a comfortable travel experience as measured through the roughness of the road surface. This is a reduction from the prior year of 1% and below target of 80%. The maintenance renewal package was 92% delivered in the 2018/19 year. These works seek to improve road condition.
- 4.64% of the sealed network was re-surfaced in the year, a 1.94% reduction on the prior year and below the annual target of 6%. The target reflects the expected average seal life of approximately 13 years, however this varies depending on various factors such as the composition of the seal and road use. The 2018/19 programme length was lower than target due to wider than average road sections being resurfaced and programme under delivery.
- 18% of the footpath network is rated in poor or very poor condition. This is an improvement of 9% from the prior year, and remains above the target of 15%. Investment in footpath replacements will continue to be a focus into the 2019/20 financial year to improve standards.
- 94% of service requests were responded to within five working days, a 3% decrease on the prior year. This remains above target of 90%.



### Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Roading and footpaths	16	9	7	0	56%

#### Some of our achievements in 2018/19:

**Urban Cycleway Programme** – The Urban Cycleway Programme is continuing with final completion expected late in 2019. The new Leith bridge has been completed along with improvements to Portsmouth Drive, the Harbour Basin and Anzac Avenue. Work to seal the St Andrew Street car park and create a cycle path linking to the new bridge and SH88 trail will be commencing shortly. An upgrade to the St Andrew Street rail crossing will also be required by Kiwirail. This project improves cycle and pedestrian connections from the harbour and to the railway station.

**The Peninsula Connection Safety Improvement Project** – The construction of the Peninsula widening on separable portion 8 has been completed from Broad Bay to Portobello. Widening on portion 2 has commenced from Vauxhall to Macandrew Bay. The next stage to start will be section 7, which is a new retaining wall adjacent to the existing retaining wall at Turnbulls Bay. This project improves the road safety and accessibility of the Peninsula through road widening and shared pedestrian and cycleway space.

**LED Street Light Installation** – The contract to complete the installation and subsequent maintenance of new LED lights on the Dunedin street light network has been awarded. The overall cost of the installation of the lights and central management system was in line with budget estimates. Work has commenced with the first replacement lights likely to be installed later in 2019.

**School's Safety Improvements** – To improve pedestrian safety, speed management and reconfigure parking around schools, various road safety improvements were programmed. The Central School Cluster was the main focus of these safety improvements, however other schools were identified and considered for the investigations and designs. Safety improvements included kerb buildouts, raised-bed crossings, variable speed signs, proper landscape and suitable signs and markings. Improvements on the approximate 350m long section on Brown St were completed in the 2018/19 financial year. Remaining Central School Cluster works and other sites around the city have been programmed for 2019/20.

#### Works completed in 2018/19 included:

**Flood works:** Five retaining structures were completed in the 2018/19 financial year. These included slip repairs from the July 2017 flood event.

**Retaining walls:** Eight retaining walls were constructed in the 2018/19 financial year totalling 596m<sup>2</sup>.

**Reseals:** A total of 50km of carriageway was resealed during the 2018/19 financial year.

**Bridge renewals:** Construction on the new Sutton-Mt Ross Bridge has been completed, resulting in a 62.5m single lane concrete bridge and was officially re-opened on 20 July 2019.

**Footpaths:** The first year of the footpath resurfacing contract was completed with a total of 152 sites resurfaced totalling 24.4km of footpath during the 2018/19 financial year. This is an increase of 0.4km on the 2017/18 financial year. This investment is in line with the Transport Asset Management Plan with 8.2% of the network to be renewed between 2018 and 2021.

**Pavement rehabs:** Two single year contracts with eight sites completed totalling 8.6km of pavement rehabbed in the 2018/19 financial year. This is an increase of 8.5km on the 2017/18 financial year.

**Kerb and channel:** The first year of the kerb and channel renewal contract was completed. 106 sites with 6.16km of kerb and channel renewal were completed in the 2018/19 financial year. This is an increase of 0.04km on the 2017/18 financial year. Kerb and channel improves sealed road drainage, protecting the road pavement condition.

**Pedestrian improvements:** Pedestrian improvements have been made across the city including 90 crossing points upgraded to drop crossing and tactile crossing. Five new guardrails were installed totalling 543m long and nine new painted roundabouts installed. An additional Barnes Dance was implemented on the Moray/Princes St intersection to improve pedestrian access.

**Instream structures:** Following the July 2017 flooding, several instream structures were identified for targeted maintenance intervention to secure the assets against long term major structural damage. Six walls were constructed and two bridge repairs were completed in the 2018/19 financial year.

#### Capital improvements

**Green Island/Fairfield motorway interchanges:** Construction was completed on intersection upgrades of three existing give way-controlled intersections to roundabouts. This has improved safety and the flow of traffic at the Green Island/Fairfield motorway interchange.

**Stuart Street median upgrade:** Physical works for the median upgrade on Stuart Street were completed in the 2018/19 financial year. The median upgrade included landscaping and installation of new kerb and channel from London Street to Kaikorai Valley Road.

### Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
Transport - Peninsula connection*	1	19,193	11,000
Transport - Minor improvements*	2	4,184	2,000
Transport - Dunedin urban cycleways*	3	3,807	500
Transport - Central city upgrade*	4	5	1,000
Transport - LED streetlights*	5	258	4,000
Transport - Tertiary precinct upgrade*	6	-	1,000
Transport - City to waterfront connection*	7	-	1,000
Transport - Reserve development Mosgiel East*		2	-
Transport - Roading miscellaneous works		(32)	-
Transport - Minor land acquisitions		171	-
Transport - Unsubsidised minor capital work		149	-
		27,737	20,500
<b>Renewals</b>			
Transport - Major drainage control*	8	3,632	1,500
Transport - Pavement renewals*		4,958	4,800
Transport - Pavement rehabilitations*		2,082	2,200
Transport - Footpath renewals*		2,687	2,500
Transport - Gravel roads re-metalling*	9	823	1,125
Transport - Structure component replacement*		1,726	1,550
Transport - Traffic services renewals*		508	560
Transport - July 2017 flood reinstatement*	10	5,582	-
Transport - February 2018 flood reinstatement*	11	856	-
Transport - November 2018 flood reinstatement*		5	-
		22,859	14,235
<b>Total Capital</b>		<b>50,596</b>	<b>34,735</b>

\*Indicates projects with full or partial external funding sources.

### Explanation of variance

1. Project budget re-phased for accelerated delivery.
2. Programme budget re-phased for accelerated delivery of safety improvements.
3. Cycleways programme budget re-phased to complete delivery of Urban Cycleway project.
4. The project budget has been reprofiled with expenditure now commencing in 2019/20 year.
5. Project will now be implemented during the 2019/20 and 2020/21 year.
6. Project budget reprofiled in the 2019/20 Annual Plan.
7. Project budget reprofiled in the 2019/20 Annual Plan.
8. Delivered 68% more kerb and channel renewal than budget programme. Budget re-phased to reflect a contracted programme that addresses aging infrastructure.
9. Delivered to contract budget, efficiencies realised in a targeted programme versus a blanket length covering programme.
10. Emergency event reinstatement works not budgeted for in the 10 year plan 2018-28.
11. Emergency event reinstatement works not budgeted for in the 10 year plan 2018-28.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

## Roading and footpaths

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	22,455	13,931	13,931
Targeted rates	30	30	29
Subsidies and grants for operating purposes	8,613	8,841	9,471
Fees and charges	181	817	1,430
Internal charges and overheads recovered	461	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	829	841	924
<b>Total operating funding (A)</b>	<b>32,569</b>	<b>24,460</b>	<b>25,785</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	17,634	19,222	20,753
Finance costs	1,702	1,191	1,191
Internal charges and overheads applied	1,597	1,788	1,999
Other operating funding applications	-	-	-
<b>Total application of operating funding (B)</b>	<b>20,933</b>	<b>22,201</b>	<b>23,943</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>11,636</b>	<b>2,259</b>	<b>1,842</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	19,363	17,272	30,135
Development and financial contributions	232	224	212
Increase (decrease) in debt	6,699	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>26,294</b>	<b>17,496</b>	<b>30,347</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	3,222	1,240	2,134
- to improve the level of service	20,155	4,290	25,603
- to replace existing assets	13,018	29,205	22,859
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	1,535	(14,980)	(18,407)
<b>Total application of capital funding (D)</b>	<b>37,930</b>	<b>19,755</b>	<b>32,189</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(11,636)</b>	<b>(2,259)</b>	<b>(1,842)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Water supply | He putaka wai

## What we provide:

The water supply group includes activities and services related to water supply.

The DCC collects, stores and treats raw water to make it of a standard that is safe to drink. The water is supplied in adequate quantities for drinking and other uses to Dunedin homes, businesses and fire hydrants for use by Dunedin's communities and firefighters. This makes the reticulated water system which Dunedin has. Some residents use bore-water, surface water or other sources of water to meet their needs.

By delivering a reticulated water system, the DCC ensures that every customer connected to the network receives adequate quantities of safe water with a minimal impact on the environment and at an acceptable financial cost. This secures the DCC's ability to sustainably deliver appropriate services to future generations.

## Community outcomes

The water supply group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A healthy city with reliable and quality water, wastewater and stormwater systems
- A supportive city with caring communities and a great quality of life



## Measuring performance

Measure		Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: The water tastes and looks pleasant and is supplied at adequate pressure</b>						
Percentage of residents satisfied with water pressure and quality		ROS	≥70%	72%	70%	Achieved. 1.
<b>Level of service: The water is safe to drink</b>						
The extent to which the local authority's drinking water supply complies with:	a) part 4 of the drinking-water standards (bacteria compliance criteria)	Internal reporting	100%	100%	100%	Achieved. 2.
	(b) part 5 of drinking-water standards (protozoa compliance criteria)	Internal reporting	100%	100%	100%	Achieved. 3.
<b>Level of service: Service calls are responded to promptly</b>						
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:	a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	Internal reporting	<60 minutes	43 minutes	41 minutes	Achieved. 4.
	b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.		<240 minutes	118 minutes	129 minutes	Achieved. 5.
	c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.		<1 day (1,440 minutes)	0.93 days (1343 minutes)	0.84 days	Achieved. 6.
	d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.		<1.67 days (2,400 minutes)	2.26 days (3256 minutes)	2.14 days	Not achieved. 7.

Measure		Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
The total number of complaints received by the local authority about any of the following:	Level of service: The water tastes and looks pleasant					
	Drinking water clarity	Internal reporting	Not applicable	80 complaints	202 complaints	Not applicable
	Drinking water taste	Internal reporting	Not applicable	5 complaints	6 complaints	Not applicable
	Drinking water odour	Internal reporting	Not applicable	5 complaints	4 complaints	Not applicable
The total number of complaints received by the local authority about any of the following:	Level of service: Water is supplied at adequate pressure					
	The total number of complaints received by the local authority about drinking water pressure or flow	Internal reporting	Not applicable	122 complaints	127 complaints	Not applicable
	Level of service: The water supply is reliable					
	The total number of complaints received by the local authority about continuity of supply	Internal reporting	Not applicable	465 complaints	375 complaints	Not applicable
	Level of service: The Council is responsive to customer concerns					
	The local authority's response to any of these issues per 1000 connections to the local authority's networked reticulation system	Internal reporting	Not applicable	12 complaints	22 complaints	Not applicable
	Total complaints expressed per 1,000 connections to the local authority's networked reticulation system	Internal reporting	<15 per 1000 connections	15.70 per 1000 connections	16.38 per 1000 connections	Not achieved. 8.
Level of service: Water resources are used efficiently and sustainably						
The average consumption of drinking water per day per resident within the territorial authority district		Internal reporting	<240 litres	235 litres per day	233 litres per day	Achieved. 9.
The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology to calculate this) Calculation Method: 1. Treatment plant production minus non-domestic minus domestic minus known unbilled = Estimated non-revenue water 2. Estimated non-revenue water divided by periods' treatment plant production = Percentage real water loss			Less than or equal to 20%	22%	20%	Not achieved. 10.

Total number of rated properties for water as at 30 June 2019: 43,897

### Explanations

1. Satisfaction with water quality and pressure remains relatively stable.
2. All samples met New Zealand Water Drinking Standards requirements for bacteriological compliance in 2018/19.
3. All Water Treatment Plants achieved their required log credits to meet protozoal standards in 2018/19.
- 4., 5., 6. & 7. All but one target was achieved in 2018/19. An increasing amount of complex investigative work has been issued to the contractor over the life of the network maintenance contract, resulting in an increase in the average time to 'resolve' issues escalated to contractor. The target for such works under the contract is >5 days. The target of resolution of non-urgent call-outs will be reviewed.
8. A large number of customer complaints were received in quarters 3 and 4 relating to the continuity of supply. This is largely driven by unplanned shutdowns where it is not always possible to notify customers there will be a loss of supply and the DCC receives multiple complaints for a single loss of supply event.



9. Target was achieved with treated water demand in 2018/19 being comparable to 2017/18.
10. This measure is subject to wide variance as coarse data is used to calculate the final result. The measure uses data from a small number of water meters installed on residential connections and extrapolates data from these connections to get an estimated usage figure for domestic demand across the city. A few thousand additional meters would need to be installed to get a statistically representative sample. As DCC does not use volumetric charging for residential connections, there is little incentive to prioritise meter installation over other capital expenditure projects.

### Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Water Supply	10	7	3	0	70%

### Some of our achievements in 2018/19:

**Network renewals** - Network renewals in North East Valley focussed on replacing old, poor condition pipes with new pipes to improve firefighting water flows and water pressure.

**Switchboard renewals** - Old and unsafe switchboards at Mount Grand and Southern Water Treatment Plants have been replaced. This is part of an ongoing switchboard replacement programme across city water plant sites.

**Abbotts Hill raw water pipeline repair** - Repairs to the raw water pipeline that feeds the Southern Reservoir were completed. This involved replacing a 100 metre section of pipeline near Abbotts Hill that was damaged by a landslide in 2017.

**Resource consent compliance** - Compliance with the conditions of our resource consents for water take improved to 99.17%, up from 98.19% during the 2017/18 year.

### Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
Water Supply - Gladstone Road water main stage 3	1	-	733
Water Supply - Other water new capital	2	358	-
		<u>358</u>	<u>733</u>
<b>Renewals</b>			
Water Supply - Other water renewals	3	1,069	2,803
Water Supply - Water treatment plant membrane replacement	4	653	1,200
Water Supply - Karitane water main renewals	5	-	1,200
Water Supply - Other water renewals - network	6	2,446	-
Water Supply - Other water renewals - North East Valley	7	1,996	-
Water Supply - Other water renewals - Ross Creek	8	2,879	-
		<u>9,043</u>	<u>5,203</u>
<b>Total Capital</b>		<u>9,401</u>	<u>5,936</u>

### Explanation of variance

1. Project on hold pending development decisions.
2. Project undertaken for water supply switchboards.
3. Budget allocated to other budget lines (see notes 6-8).
4. Project delays due to care taken with overall water supply strategy.
5. Project deferred.
6. In general, renewals market costs have risen along with emergency work on the raw water pipelines post weather events and minor network projects.
7. In general, renewals market costs have risen including the North East Valley project.
8. Complexity of work and excavation findings have resulted in an overspend on Ross Creek.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

## Water supply

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	20,223	20,206	20,206
Subsidies and grants for operating purposes	-	-	-
Fees and charges	5,968	5,976	5,465
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>26,191</b>	<b>26,182</b>	<b>25,671</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	12,157	13,080	13,068
Finance costs	1,702	1,575	1,575
Internal charges and overheads applied	2,347	1,412	1,650
Other operating funding applications	-	-	-
<b>Total application of operating funding (B)</b>	<b>16,206</b>	<b>16,067</b>	<b>16,293</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>9,985</b>	<b>10,115</b>	<b>9,378</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	193	117	374
Increase (decrease) in debt	(1,499)	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(1,306)</b>	<b>117</b>	<b>374</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	61	733	514
- to improve the level of service	537	-	276
- to replace existing assets	7,726	5,203	8,611
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	355	4,296	351
<b>Total application of capital funding (D)</b>	<b>8,679</b>	<b>10,232</b>	<b>9,752</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(9,985)</b>	<b>(10,115)</b>	<b>(9,378)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Sewerage and sewage | Pūnaha parakaika me te parawai

## What we provide:

The sewerage and sewage group includes activities and services related to wastewater.

Wastewater is the dirty water discharged from toilets, kitchens, bathrooms and laundries in dwellings and commercial premises. It also includes trade waste discharged from industrial premises into public sewers. The DCC collects domestic and trade wastewater via its systems of sewers and pumping stations, and transfers them to the wastewater treatment plants, where it is treated to a standard acceptable for discharge to the environment.

The DCC protects public health and safety by delivering effective wastewater services to every customer connected to the network with a minimal impact on the environment and at an acceptable financial cost. This secures the DCC's ability to sustainably deliver appropriate services to future generations.

## Community outcomes

The sewerage and sewage group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A healthy city with reliable and quality water, wastewater and stormwater systems
- A supportive city with caring communities and a great quality of life



## Measuring Performance

Measure		Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
Level of service: Sewage is managed without adversely affecting the quality of the receiving environment						
The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system		Internal reporting	0	0.02 overflows per 1,000 connections	0	Not achieved. 1.
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of abatement notices, infringement notices, enforcement orders and convictions			0	0	2	Achieved. 2.
Level of service: Service calls are responded to promptly						
Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times are measured:	a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site; and	Internal reporting	<60 minutes	36 minutes	36 minutes	Achieved. 3.
	b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.		<240 minutes	120 minutes	121 minutes	Achieved. 4.
Level of service: The wastewater service is reliable and the Council is responsive to customer concerns						
Percentage of residents satisfied with the sewerage system*		ROS	≥65%	68%	67%	Achieved. 5.

Measure		Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
The total number of complaints received by the territorial authority about any of the following:	Sewage odour	Internal Reporting	Not applicable	12	48	Not applicable
	Sewerage system faults		Not applicable	109	74	Not applicable
	Sewerage system blockages		Not applicable	136	181	Not applicable
	The territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system		Not applicable	5	1	Not applicable
	All of the above complaints expressed per 1,000 connections to the territorial authority's sewerage system		<5 per 1,000 connections	5.46 per 1,000 connections	6.56 per 1,000 connections	Not achieved. 6.

\* This is a new performance measure.

Total number of rated properties for wastewater as at 30 June 2019: 48,916

### Explanations

1. A single dry weather overflow was recorded at a monitored site in 2018/19. A blockage created by a large amount of debris (mainly disposable wipes and hygiene products) contributed to a dry weather overflow at the Lindsays Creek monitored overflow in June, exacerbated by the syphon system that operates under the creek. Longer term the syphon will be engineered back to a gravity system, reducing the likelihood of such overflows occurring in future.
2. No abatement notices, infringement notices, enforcement orders or prosecutions were received during 2018/19.
3. & 4. The targets were achieved in the 2018/19 year due to excellent systems and processes in place for customer call outs.
5. Satisfaction with water quality and pressure remains relatively stable.
6. A large number of customer complaints received relate to pump alarms triggering on the Allanton pressure sewer system where pumps service individual properties. Future upgrade to the Allanton system means alarms will alert the contractor to the system fault rather than the property owner, resulting in fewer customer complaints relating to this system.

### Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Sewerage and sewage	6	4	2	0	67%

### Some of our achievements in 2018/19:

**Network renewals** – Network renewals in North East Valley focused on replacing old, poor condition pipes with new pipes to reduce wastewater flooding.

**Significant emergency works** – Emergency works to repair damaged pipes in Westwood (under Brighton Road) and the central city (under the intersection of Frederick, George, London and Pitt Streets) were completed. The works in Westwood included the installation of a new wastewater storage chamber at one of the pumping stations on the line.

**Upgrade of Green Island wastewater treatment plant and pipeline** – Planning for the upgrade of the Green Island wastewater treatment plant continued. Flows from Kaikorai Valley that currently flow through South Dunedin will be piped to Green Island as part of the project, helping to reduce wastewater flooding in South Dunedin.

**Kaikorai Valley wastewater overflow** – Work began to assess the feasibility of building a new constructed wastewater overflow to discharge screened wastewater to the Kaikorai Stream during heavy rain. This is an interim measure that will reduce wastewater flooding in South Dunedin until a larger project to upgrade the Green Island wastewater treatment plant and pipeline is completed. The DCC is engaging with Kāi Tahu and the Otago Regional Council on feasibility and design options.

**Resource consent compliance** – Compliance with the conditions of our resource consents for wastewater discharge improved to 97.79%, up from 96.41% during the 2017/18 year.

## Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
Wastewater – Northern wastewater treatment plants	1	–	350
Wastewater – Other wastewater new capital		59	–
		<u>59</u>	<u>350</u>
<b>Renewals</b>			
Wastewater – Other wastewater renewals	2	5,033	3,422
Wastewater – Mosgiel wastewater treatment plants	3	60	525
Wastewater – Other wastewater renewals – plant	4	998	–
Wastewater – Other wastewater renewals – Westwood	5	2,241	–
		<u>8,332</u>	<u>3,947</u>
<b>Total Capital</b>		<u>8,391</u>	<u>4,297</u>

## Explanation of variance

1. Consultation and negotiation delays have deferred this project.
2. In general, renewals market costs have risen including the North East Valley project, Three Waters 2018/19 Package A project and wastewater network minor renewals.
3. Project delivery has taken longer than anticipated due to ensuring alignment with the developing wastewater strategy.
4. UV Lamp Replacement at Tahuna Wastewater Treatment Plant and various minor plant projects.
5. Emergency works undertaken at Westwood to replace collapsed foul sewer line.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

**Sewerage and sewage**

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	28,081	29,550	29,550
Subsidies and grants for operating purposes	-	20	42
Fees and charges	562	358	541
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>28,643</b>	<b>29,928</b>	<b>30,133</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	10,684	12,974	12,962
Finance costs	4,989	4,613	4,613
Internal charges and overheads applied	2,412	2,221	2,595
Other operating funding applications	-	-	-
<b>Total application of operating funding (B)</b>	<b>18,085</b>	<b>19,808</b>	<b>20,170</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>10,558</b>	<b>10,120</b>	<b>9,963</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	86	188	470
Increase (decrease) in debt	(4,159)	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(4,073)</b>	<b>188</b>	<b>470</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	17	32	3
- to improve the level of service	90	238	56
- to replace existing assets	5,522	4,027	8,332
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	856	6,011	2,042
<b>Total application of capital funding (D)</b>	<b>6,485</b>	<b>10,308</b>	<b>10,433</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(10,558)</b>	<b>(10,120)</b>	<b>(9,963)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Stormwater | Wai marakai

## What we provide:

The stormwater group includes activities and services related to managing stormwater.

Stormwater is rainwater that flows across ground and does not get absorbed into the soil. It flows into stormwater pipes and streams, and from there into the sea. The DCC owns and maintains a large network of pipes, pumping stations and other infrastructure to safely dispose of stormwater.

By ensuring adequate stormwater provision to Dunedin communities, we can protect public safety with a minimal impact on the environment. This secures our ability to sustainably deliver appropriate services to future generations.

Effective management of stormwater is essential to prevent the flooding of properties and businesses. Controls are also necessary to ensure that stormwater does not become excessively contaminated and cause pollution of the watercourses, the harbour and the ocean.

## Community outcomes

The stormwater group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A healthy city with reliable and quality water, wastewater and stormwater systems
- A supportive city with caring communities and a great quality of life



## Measuring Performance

Measure		Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
Level of service: Stormwater services perform adequately and reliably						
Percentage of residents satisfied with the stormwater system*		ROS	≥50%	53%	46%	Achieved. 1.
System and adequacy	The number of flooding events** that occur in a territorial authority district.	Internal reporting	0	3	1	Not achieved. 2.
	For each flooding event, the number of habitable floors affected. (Expressed per 1,000 properties connected to the territorial authority's stormwater system)	Internal reporting	0	Not measured	Not measured	Not measured. 3.
Level of service: Stormwater is managed without adversely affecting the quality of the receiving environment						
Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:	Abatement notices	Internal reporting	0	0	0	Achieved. 4.
	Infringement notices		0	0	0	Achieved. 5.
	Enforcement orders		0	0	0	Achieved. 6.
	Successful prosecutions		0	0	0	Achieved. 7.
Level of service: Service calls are responded to promptly						
The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site		Internal reporting	<60 minutes	199 minutes	49 minutes	Not achieved. 8.
The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system		Internal reporting	<1 per 1,000 connections	1.05 complaints per 1,000 connections	1.65 compliants per 1,000 connections	Not achieved. 9.

\* This is a new performance measure.

\*\*A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. A habitable floor refers to a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.

Total number of rated properties for stormwater as at 30 June 2019: 48,289

## Explanations

1. Residents' satisfaction with the stormwater system has improved since 2017/18. This may be due in part to improvements made to the stormwater network following the July 2015 floods to alleviate flooding issues. Changes have also been made to operational practices, such as increased frequency of mud tank cleaning and additional preventatives on known network problem areas when heavy rain is forecast. Additional capital projects to address flooding issues in the Mosgiel and South Dunedin catchments are underway or in the planning and design stages. Work with the community, ORC and GNS Science on a long term solution to address South Dunedin flooding is ongoing.
2. & 3. Three separate rainfall events resulted in recorded habitable floor flooding in 2018/19. It is believed that further habitable floor flooding may have occurred in all three events, however not all individual reports of flooding were recorded in the call logging system due to the rapid nature of the event, with staff prioritising action to respond to flooding rather than data collection at this time. Data collection and reporting methods contributing to this measure will be reviewed.
- 4., 5., 6., & 7. No abatement notices, infringement notices, enforcement orders or prosecutions were received during 2018/19.
8. The significant rainfall event from 18 to 20 November 2018 resulted in the DCC receiving a large volume of calls in one day. Many of these calls were tagged to a single contractor work order to ensure they could be responded to efficiently, however this has resulted in a longer response time being recorded for those calls individually than may have otherwise been the case.
9. 51 complaints about stormwater were received in 2018/19, compared with 79 in 2017/18. 20 of these complaints (39%) relate to the rainfall event in November 2018.

## Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Stormwater	9	5	3	1	56%

### Some of our achievements in 2018/19:

**Network improvements** – Stormwater network improvements to alleviate flooding issues were completed in School Street in Kaikorai Valley.

**Stormwater pump station replacements** – Design work commenced on the upgrade of the Reid Avenue stormwater pump station in Mosgiel. This pump station is critical to the performance of the stormwater network in Mosgiel.

**Interim stormwater management (watercourses)** – Work began on a review of the public-private boundary on each of the 3 Waters networks. The Council approved an interim approach to resolve priority issues caused by private watercourses in the stormwater network while the review is completed.

**St Kilda foredune notching programme** – In collaboration with the University of Otago, the DCC has continued the notching (excavation) of the St Kilda foredune. The notches continue to provide for the addition of sand to the dune system.

## Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
Stormwater – Other stormwater new capital	1	274	–
		274	–
<b>Renewals</b>			
Stormwater – Other stormwater renewals		866	566
Stormwater – Mosgiel stormwater pumpstations and network	2	385	1,960
		1,251	2,526
<b>Total Capital</b>		1,525	2,526

### Explanation of variance

1. Emergency works carried out including watercourse investigations and supply of mobile dewatering pumps.
2. Project plan and design were more complex than anticipated therefore delaying the construction phase.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

## Stormwater

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	5,981	5,673	5,673
Subsidies and grants for operating purposes	-	-	-
Fees and charges	35	90	29
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>6,016</b>	<b>5,763</b>	<b>5,702</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	2,443	3,212	3,209
Finance costs	117	79	79
Internal charges and overheads applied	411	492	575
Other operating funding applications	-	-	-
<b>Total application of operating funding (B)</b>	<b>2,971</b>	<b>3,783</b>	<b>3,863</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3,045</b>	<b>1,980</b>	<b>1,839</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	93	17	40
Increase (decrease) in debt	931	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,024</b>	<b>17</b>	<b>40</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	322	-	20
- to improve the level of service	1,189	-	254
- to replace existing assets	2,471	2,526	1,251
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	87	(529)	354
<b>Total application of capital funding (D)</b>	<b>4,069</b>	<b>1,997</b>	<b>1,879</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,045)</b>	<b>(1,980)</b>	<b>(1,839)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Reserves and recreational facilities

## Taunaha whenua, papa rēhia

### What we provide:

The reserves and recreational facilities group includes activities and services related to:

- Aquatic services
- Botanic Garden
- Cemeteries and crematorium
- Parks and reserves

The DCC operates three community swimming pools and over 100 playgrounds, sportsgrounds, parks and reserves maintained every day to meet the leisure, fitness and lifestyle needs of Dunedin. The DCC also maintains open green spaces and reserves like the Botanic Gardens and other important facilities like cemeteries and a crematorium.

Green spaces, aquatic facilities and the other activities in this group are central to the wellbeing of Dunedin's communities. The maintenance of these activities allows a breadth of leisure opportunities and the pursuit of 'active' lifestyles in parks, pools, gardens and reserves so that Dunedin's communities can be fit, active and connected in natural spaces.

### Community outcomes

The reserves and recreational facilities group contributes to the following community outcomes:

- An active city with quality and accessible recreational spaces and opportunities
- A supportive city with caring communities and a great quality of life
- A sustainable city with healthy and treasured natural environments



### Measuring Performance

Measure		Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: Aquatic facilities are accessible to everyone</b>						
Percentage of residents who visit a DCC swimming pool at least once a year*		ROS	≥50%	59%	52%	Achieved. 1.
Number of annual attendances at DCC swimming pools	Moana Pool	Internal data	≥600,000	613,783	607,341	Achieved. 2.
	St Clair Hot Saltwater Pool	Internal data	≥36,000	96,491	46,669	Achieved. 3.
	Mosgiel Pool	Internal data	≥35,000	63,474	43,526	Achieved. 4.
	Port Chalmers Pool	Internal data	≥14,500	33,633	19,817	Achieved. 5.
<b>Level of service: Aquatic facilities are well maintained and meet the needs of users</b>						
Percentage of users satisfied with Moana Pool**		ROS	≥85%	81%	Not measured	Not achieved. 6.
Percentage of users satisfied with community swimming pools (St Clair Salt Water Pool, Mosgiel Pool and Port Chalmers Pool)*		ROS	≥85%	79%	Not measured	Not achieved. 7.
<b>Level of service: The Botanic Garden and its facilities are well maintained and meet the needs of users</b>						
Percentage of residents who visit the Botanic Gardens at least once in a year		ROS	≥75%	77%	79%	Achieved. 8.
Percentage of users satisfied with the Botanic Garden		ROS	≥90%	95%	95%	Achieved. 9.
<b>Level of service: Parks and reserves facilities are accessible to everyone</b>						
Percentage of respondents that agree sites and facilities are satisfactorily accessible		ROS	≥80%	78%	79%	Not achieved. 10.

Measure	Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: Parks and reserves facilities are well maintained and meet the needs of users</b>					
Percentage of users satisfied with DCC playgrounds	ROS	≥80%	73%	71%	Not achieved. 11.
Percentage of users satisfied with DCC sportsfields	ROS	≥80%	76%	74%	Not achieved. 12.
Percentage of users satisfied with DCC tracks	ROS	≥80%	84%	83%	Achieved. 13.
Percentage of users satisfied with DCC scenic, bush and coastal reserves	ROS	≥80%	87%	85%	Achieved. 14.
<b>Level of service: Cemetery and crematorium services meet the needs of funeral directors and the bereaved</b>					
Percentage of users satisfied with the cemeteries***	ROS	≥80%	77%	80%	Not achieved. 15.

\* This is a new performance measure.

\*\* This performance measure was previously "percentage of users satisfied with all swimming pools".

\*\*\* This performance measure was previously "percentage of users satisfied with the range of services provided at, and the presentation of, Dunedin cemeteries managed by the DCC".

## Explanations

- 1., 2., 3., 4., & 5. High visitation numbers for all pools could be due to good weather and extra marketing.
6. A master plan for Moana Pool is being developed to address some known areas for improvement. Areas to address include improving the change rooms and replacing the hydroslide.
7. St Clair and Port Chalmers Pools are above target but Mosgiel Pool is below as there is demand for a new facility.
8. Visitation dropped slightly but still remains above target.
9. Satisfaction with the Botanic Garden has been consistently high over the last three years.
10. Result was under target. Staff will continue to work with contractors to improve the management of sportsfields and green space sites and facilities.
11. Small improvement from previous year. Playground condition assessments were completed in 2018/19, and subsequent playground equipment upgrades have commenced across the city and are due for completion in 2020.
12. Measure has improved slightly; contracts to maintain sportsfields are in place and are regularly and proactively monitored with renovation works programmed annually.
13. Regular maintenance and upgrades of some tracks over the year have ensured that satisfaction with tracks remain high.
14. Ecological and pest control contracts are in place as well as the Biodiversity Officer role which has ensured that satisfaction with scenic, bush and coastal reserves is maintained.
15. Result was just under target. Staff will continue to proactively manage level of service delivery through maintenance contracts.

## Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Reserves and recreational facilities	15	9	6	0	60%

## Some of our achievements in 2018/19:

**Moana Pool** hosted the Special Olympics in September 2018. A Fall Restraint System was also installed.

The **playground condition assessment** has allowed parks and recreation staff to plan and implement a remedial scope of work and contract for playground equipment and soft fall replacement for the 2018/19 and 2019/2020 period.

**Port Chalmers Toilet** – New toilet was opened for use to meet the increased demand due to the number of visitors visiting the Port and city arriving on cruise ships.

**Designation of Peter Johnstone Park, Memorial Park and Memorial Gardens** within the Dunedin City District Plan for recreation and community purposes completed.

**Botanic Garden** – The Winter Gardens Glasshouse refurbishment work was completed in 2018/19.

**Crematorium** – Cremator Number One refurbishment was completed.

## Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
Aquatic Services – Mosgiel Pool (DCC Contribution only)	1	229	3,000
Aquatic Services – Moana Pool improvements		264	20
Aquatic Services – St Clair Pool improvements		5	–
Cemeteries and Crematorium – City wide beam expansion		48	40
Cemeteries and Crematorium – Mosgiel Cemetery expansion		–	20
Parks and Reserves – Track network development		1	50
Parks and Reserves – Reserve development Mosgiel East		17	–
Parks and Reserves – Logan Park artificial turf*	2	3935	–
Parks and Reserves – Recreation facilities		131	–
		<hr/> 4,630	<hr/> 3,130
<b>Renewals</b>			
Aquatic Services – Moana Pool renewals	3	181	1,025
Aquatic Services – Port Chalmers Pool renewals		12	25
Aquatic Services – St Clair Pool renewals		92	50
Cemeteries and Crematorium – Structures renewals		4	20
Cemeteries and Crematorium – Cremator replacement		142	–
Parks and Reserves – Playground renewals		640	640
Parks and Reserves – Greenspace renewals		593	300
Parks and Reserves – Recreation facilities renewals	4	2,459	1,600
		<hr/> 4,123	<hr/> 3,660
<b>Total Capital</b>		<hr/> 8,753	<hr/> 6,790

\*Indicates projects with full or partial external funding sources.

## Explanation of variance

1. Project yet to materially commence subject to confirmation of location.
2. Unbudgeted artificial sports turf at Logan Park.
3. Little expenditure incurred while capital requirements being determined.
4. Botanic Garden glasshouse refurbishment and Logan Park turf renewal higher than anticipated.



Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

# Reserves and recreational facilities

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	11,191	19,426	19,426
Targeted rates	11,209	11,367	11,367
Subsidies and grants for operating purposes	-	639	551
Fees and charges	5,686	5,196	5,260
Internal charges and overheads recovered	10	9	1
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	77
<b>Total operating funding (A)</b>	<b>28,096</b>	<b>36,637</b>	<b>36,682</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	22,544	28,624	29,674
Finance costs	984	729	729
Internal charges and overheads applied	3,173	3,170	2,981
Other operating funding applications	-	-	-
<b>Total application of operating funding (B)</b>	<b>26,701</b>	<b>32,523</b>	<b>33,384</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,395</b>	<b>4,114</b>	<b>3,298</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	2,756
Development and financial contributions	81	126	255
Increase (decrease) in debt	(954)	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(873)</b>	<b>126</b>	<b>3,011</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	13	3	645
- to improve the level of service	151	2,345	3,985
- to replace existing assets	1,205	4,442	4,123
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	(847)	(2,550)	(2,444)
<b>Total application of capital funding (D)</b>	<b>522</b>	<b>4,240</b>	<b>6,309</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,395)</b>	<b>(4,114)</b>	<b>(3,298)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Property | Kā wāhi whenua

## What we provide:

The property group includes activities and services related to:

- Community housing
- Commercial housing (includes miscellaneous and investment portfolios)
- Operational property

The DCC manages property to maintain core services and provide social housing, and provide non-rates revenue. The property portfolio includes: the management of housing units for the qualifying elderly and lower socio-economic residents, arts and culture facilities like the Regent Theatre, sports facilities like the Edgar Centre and the Ice Sports Stadium; and non-rates revenue from the statutory management of the Dunedin City Endowment Land.

Property management is essential to the Council's influence in economic development, arts and culture, social housing, and libraries and museums and maintaining the range of services provided to Dunedin's communities. It supports all of the DCC's activities and services.

## Community outcomes

The property group contributes to the following community outcomes:

- A creative community with a rich and diverse arts and culture scene
- A supportive city with caring communities and a great quality of life
- An active city with quality and accessible recreational spaces and opportunities
- A compact city with a vibrant CBD and thriving suburban and rural centres.



## Measuring performance

Measure	Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: The housing provided by the Council meets the needs of tenants and rental values will not exceed operating expenses</b>					
Percentage of tenants satisfied with Council provided rental housing	Tenant survey	≥95%	91%	89%	Not achieved. 1.
Percentage occupancy of Council provided rental housing	Internal review	≥94%	97%	98%	Achieved. 2.
<b>Level of service: Council investment properties are appropriately managed*</b>					
Percentage overall occupancy of Council investment properties	Internal property records	≥95%	91.1%	92%	Not achieved. 3.
<b>Level of service: Council operational properties are appropriately managed**</b>					
Percentage of service request response times met***	Internal property records	≥75%	95%	Not measured	Achieved. 4.

\* This level of service statement was previously "The City Property Investment Portfolio generates returns that can be offset against rates requirements".

\*\* This level of service statement was previously "Properties in the City Property Miscellaneous Portfolio are appropriately managed".

\*\*\* This performance measure was previously "Percentage of miscellaneous property portfolio assets maintained and developed to the City Property quality standard".

## Explanations

1. Tenant satisfaction has increased by 8% over the last three years. There were 5% of our tenants (4% did not respond) who indicated that their housing did not meet their needs and this was primarily due to changes to disability-related needs such as requiring a modified bathroom.
2. Occupancy remains high with an ever increasing level of demand for Community Housing. Timeframes between tenancy turnovers are actively managed to ensure a high occupancy rate is achieved.
3. The presence of vacant properties for ongoing capital project work and held in partnership to support Enterprise Dunedin negatively impacted the investment property occupancy measure.

4. The completion of scheduled work continues to achieve significantly higher than target performance. Performance results and aspirations are reviewed each month with contractors.

### Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Property	4	2	2	0	50%

### Some of our achievements in 2018/19:

**Various community engagement initiatives** were conducted including workshops and information sessions to establish the community expectations for the Sims Building in Port Chalmers, and the three community buildings in Tomahawk (former school building and two halls).

The DCC hosted the **Dunedin Housing Summit and the Public Housing Development Forum**, to inform developers and Community Housing Providers (CHPs) about funding options for building public housing that is available from the Ministry of Housing and Urban Development (HUD).

**Acquisitions** included the purchase of the land interest at Burns Street for our community housing portfolio; a section of the Frederick Street carpark; a site for the South Dunedin Library and Community Complex; and property at 1 White Street, to provide strategic value to the proposed Waterfront Vision.

**Disposals** included the sale of a vacant housing site at Helensburgh Road for Housing New Zealand to develop additional housing, and the disposal of a student flat at Harbour Terrace.

**Energy audits** were completed for the Moana Aquatic Centre, Sargood Centre, Civic Centre and the Dunedin Public Art Gallery.

**Major projects** included the completing of seismic strengthening works for parts of the Edgar Centre, on time and within budget; the installation of new all-weather turf at Logan Park; removal of the escalator at the Dunedin Public Library, and lift refurbishment and re-roofing work at the Dunedin Public Library and Civic Centre; roofing and heating improvements to Mosgiel Library commenced; and the establishment of a Waterfront vision display at the Civic Centre.

Ensuring all housing units complied with new **Healthy Homes legislation** that came into effect on 1 July 2019.

### Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
Commercial Property - Other property upgrades	1	2,937	200
Commercial Property - Sammy's Building	2	-	1,000
Commercial Property - Commercial		-	-
Commercial Property - South Dunedin Library and Community Complex	3	4,728	-
Community Housing - Housing	4	584	-
Operational Property - Central Library refurbishment	5	-	650
Operational Property - Property Management - software		96	-
Operational Property - Civic		76	-
		8,421	1,850
<b>Renewals</b>			
Commercial Property - Commercial and operational renewals	6	1,618	-
Commercial Property - Community renewals	7	839	-
Community Housing - Housing renewals	8	1,218	500
Operational Property - Commercial and operational renewals		2,537	2,650
Operational Property - Central Library refurbishment	9	1,250	-
		7,462	3,150
<b>Total Capital</b>		15,883	5,000

### Explanation of variance

1. *Purchase of commercial property at 1 White St.*
2. *No expenditure to date, project realigned in the 2019/10 Annual Plan.*
3. *Purchase of property for the South Dunedin Library and Community Complex.*
4. *Purchase of properties and commencement of School St housing upgrade.*
5. *Funding allocated to renewals project, see note 9.*
6. *Projects included the 54 Moray Place compliance project, Wall St carpark seismic joints and the Edgar Centre roof renewal.*
7. *Edgar Centre structural strengthening.*
8. *Increased renewals expenditure associated with tenancy changes as well as commencement of the Palmyra housing renewal project.*
9. *Library reroof project.*

## Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

## Property

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	4,405	4,148	4,148
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	12,559	17,726	17,731
Internal charges and overheads recovered	8,812	8,169	7,958
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>25,776</b>	<b>30,043</b>	<b>29,837</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	12,120	17,425	17,102
Finance costs	4,141	3,266	3,266
Internal charges and overheads applied	3,812	2,923	2,935
Other operating funding applications	-	-	-
<b>Total application of operating funding (B)</b>	<b>20,073</b>	<b>23,614</b>	<b>23,303</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>5,703</b>	<b>6,429</b>	<b>6,534</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	7
Increase (decrease) in debt	(2,248)	-	-
Gross proceeds from sale of assets	2,625	-	390
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>377</b>	<b>-</b>	<b>397</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	5	-	-
- to improve the level of service	4,200	900	8,421
- to replace existing assets	2,755	4,100	7,462
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	(880)	1,429	(8,952)
<b>Total application of capital funding (D)</b>	<b>6,080</b>	<b>6,429</b>	<b>6,931</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(5,703)</b>	<b>(6,429)</b>	<b>(6,534)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Libraries and museums | Kā wharepukapuka, kā whare taoka

## What we provide:

The libraries and museums group includes activities and services related to:

- Dunedin Public Libraries (including City of Literature)
- Dunedin Public Art Gallery
- Toitū Otago Settlers Museum
- Dunedin Chinese Garden
- Olveston Historic Home

The DCC owns and operates the Dunedin Public Libraries, Dunedin Public Art Gallery, Toitū Otago Settlers Museum, Dunedin Chinese Garden and Olveston. The DCC provides opportunities to access and experience visual arts and culture by viewing art collections held in a safe and quality environment. The DCC maintains and preserves a rich heritage of stories, treasures and knowledge through its cultural institutions.

The Council is one of four local authorities in Otago that contribute to the management and funding of the Otago Museum under the Otago Museum Trust Board Act 1996.

## Community outcomes

The libraries and museums group contributes to the following community outcomes:

- A creative city with a rich and diverse arts and culture scene
- A supportive city with caring communities and a great quality of life
- A successful city with a diverse, innovative and productive economy



## Measuring Performance

Measure	Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: Library facilities are accessible, and collections are maintained and updated to meet the needs of the community</b>					
Percentage of residents who visit Dunedin Public Libraries at least once a year	ROS	≥60%*	63%	66%	Achieved. 1.
Percentage of residents who visited and were satisfied with Dunedin Public Libraries	ROS	≥90%	90%	89%	Achieved. 2.
Total number of visits to Dunedin Public Libraries annually	Electronic Door Count	≥1,100,000	1,148,380	1,154,238	Achieved. 3.
Number of participants in lifelong learning programmes conducted by the library annually	Monthly statistics	≥35,000**	54,088	45,706	Achieved. 4.
<b>Level of service: The Dunedin Public Art Gallery provides access to a diverse visual art experience which meets the expectations of visitors and the collection is managed according to international best practice***</b>					
Percentage of residents who visit Dunedin Public Art Gallery at least once in a year****	ROS	≥40%	50%	55%	Achieved. 5.
Percentage of residents who visited and were satisfied with their visit to Dunedin Public Art Gallery	ROS	≥90%	92%	89%	Achieved. 6.
Total number of visits to Dunedin Public Art Gallery annually	Electronic Door Counter	≥195,000	228,128	202,235	Achieved. 7.
Level of visitor satisfaction with Dunedin Public Art Gallery	Visitor surveys	≥90%	97%	96%	Achieved. 8.
Percentage of designated exhibition galleries that are committed to displays from the permanent collection (in order to provide access to the city's holding of nationally significant art)	Calculation based on floor areas versus time	≥40%	59.4%	58%	Achieved. 9.



Measure	Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: The Toitū Otago Settlers Museum (Toitū) facilities provide access to a diverse social history experience which meets the expectations of visitors</b>					
Percentage of residents who visit Toitū at least once a year	ROS	≥75%	71%	71%	Not achieved. 10.
Percentage of residents who visited and were satisfied with their visit to Toitū	ROS	≥95%	94%	94%	Not achieved. 11.
Total number of visits to Toitū annually	Electronic Door Counter	≥250,000	290,291	316,538	Achieved. 12.
Number of special exhibitions, public programs and events staged per year at Toitū and the Dunedin Chinese Garden	Annual status analysis	≥100	157	178	Achieved. 13.
Level of visitor satisfaction with Toitū****	Trip Advisor	≥4.5 out of 5 stars (as at 30 June each year)	5	Not measured	Achieved. 14.
<b>Level of service: Visitors enjoy an authentic Chinese architectural and cultural experience</b>					
Percentage of residents who visit the Dunedin Chinese Garden at least once a year	ROS	≥15%	23%	25%	Achieved. 15.
Percentage of residents who visited and were satisfied with their visit to Dunedin Chinese Garden	ROS	≥85%*****	82%	86%	Not achieved. 16.
Total number of visits to Dunedin Chinese Garden annually	Manual count plus ticket sales	≥40,000	44,857	51,194	Achieved. 17.
Level of visitor satisfaction with Dunedin Chinese Garden****	Trip Advisor	≥4.0 out of 5 stars (as at 30 June each year)	4	Not measured	Achieved. 18.
<b>Level of service: Visitors enjoy an authentic historical experience at Olveston*****</b>					
Percentage of residents who visit Olveston at least once a year	ROS	≥10%	10%	11%	Achieved. 19.
Percentage of visitors who visited and were satisfied with their visit to Olveston	ROS	≥90%	95%	88%	Achieved. 20.
Total number of visits to Olveston annually	Ticket sales	≥35,000	28,122	26,723	Not achieved. 21.
Level of visitor satisfaction with Olveston	Trip Advisor	≥4.5 out of 5 stars (as at 30 June each year)	4.5	Not measured	Achieved. 22.

\* This performance target was previously "≥35%".

\*\* This performance target was previously "45,000".

\*\*\* This is a revised level of service statement from 2017/18.

\*\*\*\* This is a new performance measure.

\*\*\*\*\* This performance target was previously "≥90%".

\*\*\*\*\* This is a new level of service statement for a major aspect of the libraries and museums group.

## Explanations

1. While the total number of visits to Dunedin Public Libraries declined by 5,858 or -0.5%, the total number of visits still exceeded 1.1 million, making the public library the most heavily visited cultural institution in the city. Key reasons for visits to the public library included borrowing, free internet access and computers, attending library public programmes from author talks to music events to children's storytime sessions.
2. For the two thirds of city's population that used the Dunedin Public Libraries in 2018/19, the level of satisfaction increased to 90%. Satisfaction was driven by relevant and interesting collections, valued services like free internet and public access to technology as well as highly popular and well attended public programmes.

3. Total library visitation for 2018/19 was 1,148,380, representing a decrease of 5,858 (0.5%) on total visitation in 2017/18 but exceeding the target of 1,100,000. Overall visitation to the Dunedin Public Libraries remained stable and strong in 2018/19.
4. High level of participation in events including Nook & Cranny Music Festival. Total participation in library events and lifelong learning programmes during 2018/19 was 54,088, exceeding the performance target of 35,000 and the participation in 2017/18 by 8,382 participants or 18.3%.
- 5., 6., 7., & 8. Data captured via Get Smart electronic survey and other means. The exit survey and ROS continues to show high levels of satisfaction with the Gallery, and visitation numbers have also increased.
9. There is a consistent effort made to utilise DPAG Collection items where appropriate.
10. Percentage of residents who visit at least once a year has remained consistent and just slightly below target.
11. Although the target was not quite achieved, satisfaction has remained high.
12. Visitor numbers decreased slight in 2018/19, however satisfaction remains consistently high. Attendances can be sporadic which explains a slight reduction in visitor numbers from last year.
13. Well above target showing an ongoing commitment to community engagement
14. High satisfaction level on Trip Advisor is consistent with high satisfaction results from ROS.
15. Slight decrease from previous year, but still well above target.
16. Although target was not met, satisfaction remains quite high and was likely supported by events such as the Garden's 10th anniversary celebrations.
17. The Chinese Garden received fewer visitors than the previous year but still remained above target.
18. High level of satisfaction on Trip Advisor is consistent with the satisfaction results from ROS.
19. Slight decrease from previous year, but still on target.
20. Target was achieved with satisfaction levels well above the target.
21. Olveston visitation numbers were higher than previous year and close to the target. This is due to a busy summer season with approximately 1,500 more visitors than last year.
22. High level of satisfaction is consistent with the high satisfaction results from ROS.

### Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Libraries and museums	22	18	4	0	82%

### Some of our achievements in 2018/19:

An exhibition titled **Voices and Votes** paying tribute to 125 years of New Zealand women's suffrage was launched in August 2018. The exhibition showcases early women writers and other creative women of the times to complement the story of the women's suffrage movement.

Events to celebrate **National Poetry Day** on 24 August 2018 and an evening with Owen Marshall and Graeme Sydney were attended by a total of 252 people.

Entries have been invited for the **2018 UNESCO Dunedin City of Literature Robert Burns Poetry Competition** with youth being targeted with attractive 'Rap Like Robbie' branding on a separate entry form, entry period and promotion to secondary students in years 9-11 across the Otago region. Prizes will continue to be awarded on 25 January 2020. The competition represents a range of community partnerships and sponsorship for the competition prizes.

The **2018/19 Dunedin City of Literature Summer Reading Programme** on the theme of City of Readers concluded in February 2019 with a total of 733 registrations for the programme, up from 498 registrations for the 2017/18 Summer Reading Programme.

In January 2019, a special one-week programme titled '**Hunt for the Wilderbus**' was conducted where the Bookbus was parked in a different holiday destination for the whole day. Destinations included outside the Otago Museum, outside Toitū Otago Settlers Museum, at Brighton, Macandrew Bay, Marlow Park and at the Gardens in North Dunedin. Over the six days, more than 1,700 people visited the Bookbus at its various locations. The objective of the week-long programme was to promote the Bookbus service and explore the community response to the Bookbus attending special events and programmes.

The Libraries' **Annual Booksale** was held from 22-24 March 2019 in the City Library and raised a total of \$18,500 (excluding GST) from the sale of withdrawn library collection materials, significantly from the deselection of older, rarely used stack collection materials.

During April 2019, Geshe from the Dhargyey Buddhist Centre in Dunedin were in the City Library on a daily basis to create a beautiful **Manjushri sand mandala**, to speak to members of the public on its philosophical importance, and to support an educational programme by Libraries staff for a total of 240 students from eight schools across the city over a three week period, in addition to approximately 100 people who attended the commencement and dissolution ceremonies.

A new City of Literature app, **dtour**, was launched with the University of Otago's Department of English and Linguistics in December 2018. The app helps locals and visitors to explore Dunedin's rich literary heritage and geography. It links remarkable local writers and their stories to memorable sites in Dunedin and Otago and to increase engagement with both. The app was created in collaboration with Hocken Collections; Music, Theatre, and Performing Arts at Otago University; Otago Museum; and AppLab Ltd. The project received grants from the University of Otago, the Otago Community Trust, and the Athenaeum Library. The app features 50 authors and sites, with another 50 authors in the pipeline this year. The app can be used on iPhone, android, and Windows devices and is free to download.

Ara Toi staff have assisted in developing and delivering a **creative narrative for several infrastructure projects** including assisting NZTA with the St Leonard's to Port Chalmers cycleway, planning for the South Dunedin Library and Community Complex and the Ross Creek Art Project.

The focus of **Dunedin Dream Brokerage** is to promote increased mixed use of the city's building stock and reduce vacant space by activating under-utilised buildings and spaces for creative purpose. Staff have worked to establish Dunedin Dream Brokerage under the umbrella of the Otago Chamber of Commerce and in partnership with the Otago Polytechnic.

## Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
Dunedin Public Art Gallery - Minor capital works		12	20
Dunedin Public Art Gallery - Acquisitions - rates funded		60	60
Dunedin Public Art Gallery - Acquisitions - donation funded		-	35
Dunedin Public Art Gallery - Acquisitions - DPAG Society funded		-	30
Dunedin Public Art Gallery - DPAG Special Fund acquisitions		138	-
Dunedin Public Libraries - Heritage collection purchases - rates funded		53	56
Dunedin Public Libraries - Heritage collection purchases - trust funded		-	10
Toitu Otago Settlers Museum - Minor capital works		142	20
Toitu Otago Settlers Museum - Acquisitions - rates funded		-	50
		405	281
<b>Renewals</b>			
Dunedin Public Art Gallery - Security cameras		19	30
Dunedin Public Art Gallery - Heating and ventilation system		-	17
Dunedin Public Libraries - Acquisitions - operational collection		902	898
Dunedin Public Libraries - Minor capital equipment		45	55
Olveston Historic Home - Minor capital works		29	49
Toitu Otago Settlers Museum - Minor equipment renewals		20	170
Toitu Otago Settlers Museum - HVAC and building management		-	50
Toitu Otago Settlers Museum - Plant renewals		39	60
		1,054	1,329
<b>Total Capital</b>		1,459	1,610

## Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

## Libraries and museums

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	24,210	24,734	24,733
Targeted rates	-	-	-
Subsidies and grants for operating purposes	260	255	547
Fees and charges	1,411	1,824	1,929
Internal charges and overheads recovered	136	17	530
Local authorities fuel tax, fines, infringement fees, and other receipts	118	91	77
<b>Total operating funding (A)</b>	<b>26,135</b>	<b>26,921</b>	<b>27,816</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	16,661	17,873	18,626
Finance costs	1,192	939	939
Internal charges and overheads applied	6,132	6,374	6,556
Other operating funding applications	-	-	-
<b>Total application of operating funding (B)</b>	<b>23,985</b>	<b>25,186</b>	<b>26,121</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2,150</b>	<b>1,735</b>	<b>1,695</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	90	30	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(717)	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(627)</b>	<b>30</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	320	212	405
- to replace existing assets	1,213	1,400	1,054
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	(10)	153	236
<b>Total application of capital funding (D)</b>	<b>1,523</b>	<b>1,765</b>	<b>1,695</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,150)</b>	<b>(1,735)</b>	<b>(1,695)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Regulatory services | Ratoka waeture

## What we provide:

The regulatory services group includes activities and services related to:

- Building services
- Compliance solutions (includes animal services, environmental health and alcohol licensing)
- Parking operations
- Parking services (enforcement)

The DCC provides: monitoring services to enforce standards of public safety with the control of dogs; building services that meet customer needs and statutory requirements; protection for the public by monitoring and enforcing standards of public health; and services to reduce alcohol-related harm by monitoring and enforcing standards within licensed premises.

The regulatory services group contributes directly to the safety and health of residents. By monitoring and enforcement standards of public safety, the Council fulfils its role as the authority for a range of regulatory frameworks which help to make Dunedin a great place to live.

## Community outcomes

The regulatory services group contributes to the following community outcomes:

- A supportive city with caring communities and a great quality of life
- A sustainable city with healthy and treasured natural environments



## Measuring Performance

Measure	Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: Legislative standards and bylaws are enforced to protect the public</b>					
Percentage of residents satisfied with the control of roaming dogs	ROS	≥60%	68%	66%	Achieved. 1.
Percentage of "A" graded food premises	DCC internal reporting	≥70%*	85%	85%	Achieved. 2.
Percentage of residents satisfied with the control of noise**	ROS	≥60%	62%	61%	Achieved. 3.
<b>Level of service: Statutory timeframes for processing of building consents applications and certifications are met</b>					
Percentage of building consent applications processed in accordance with statutory timeframes	Internal processing analysis	100%	99%	99%	Not achieved. 4.
Percentage of Code Compliance Certificates issued in accordance with statutory timeframes	Internal processing analysis	100%	99%	99%	Not achieved. 5.
<b>Level of service: Monitoring of legislative standards and bylaws is undertaken to protect the public</b>					
Percentage of registered health premises inspected in accordance with the statutory timeframes	DCC internal reporting	100%	100%	100%	Achieved. 6.
Number of alcohol licensing monitoring visits completed each quarter	DCC internal reporting	≥50 compliance visits per quarter	89 completed visits	121 completed visits	Not achieved. 7.
<b>Level of service: Car parking is available, meets the demands of users and parking regulations are enforced</b>					
Percentage of residents satisfied with the availability of metered on-street parking in the central city	ROS	≥40%	25%	32%	Not achieved. 8.

\* This performance target was previously "≥65%".

\*\* This is a new performance measure.

## Explanations

1. This is a 2% improvement on last year's result. Staff continue to respond to complaints in a timely manner and are actively patrolling the city suburbs for roaming dogs.
2. Environmental Health staff continue to work alongside food operators to ensure they have good understanding of what is required under the Food Act 2014. Overall the standard of food safety in Dunedin food premises is at a very high standard.
3. The achievement of this new measure is consistent with the high level of customer satisfaction around noise control. The DCC continues to be proactive in the approach and response to noise complaints.
4. Although this target was not achieved, 98.8% of applications were granted within timeframes and is comparable to last year's result which was the highest for some time. This reflects continued efforts and maintained staffing levels throughout the year.
5. This target was not achieved due to four Code Compliance Certificates not being issued within the statutory timeframe.
6. All health premises required to be inspected/verified annually were inspected at least once in the last 12 months.
7. Although additional resource has been provided since 2017/18, monitoring visits have decreased. The monitoring and reporting program is under review and we expect a more consistent approach will result in an improved outcome for 2019/20.
8. Target was not achieved. Ongoing work on the transport network continues to put pressure on on-street parking spaces.

## Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Regulatory services	8	4	4	0	50%

### Some of our achievements in 2018/19 were:

**Free compostable dog poo bags** – Free compostable bags for dog owners to pick up after their pets were introduced in June. With single use plastic shopping bags being phased out, this trial will encourage people to pick up their dog poo while offering them a plastic alternative and reducing the environmental impact. The bags are made from corn starch crops. Another initiative to text dog owners reminding them to register their dogs has also been introduced.

**Dunedin Local Alcohol Policy** – The Dunedin Local Alcohol Policy was approved and came into effect on 1 February 2019. The main changes will be reduced on-licence and off-licence hours and the introduction of a one-way door policy from 2.30am, meaning people can leave but no new patrons can enter the premises from that time. The aim of the Policy is to reduce alcohol-related harm in the city.

**University Orientation Week collaboration** – Good collaboration with the Otago University Students' Association and other agencies led to the smooth running of the University Orientation Week in February. The aim was for healthy and safe events for everyone.

**Audit of Food Act 2014, Regulatory Service Delivery** – An audit of how the DCC has transitioned to the new Food Act was carried out by the Ministry of Primary Industries in February. The Ministry was very happy with the DCC's processes and it was an excellent result.

**New parking permits** – Colour coded parking permits have been introduced to make managing these easier for both the public and the DCC.

**Free advice for households** – An eco-design service to offer free independent advice on making homes warm, dry, healthy and energy efficient was introduced. It is open to all Dunedin residents and is aimed at improving insulation and heating in Dunedin homes to make them warmer and drier. Other topics covered are water use, reducing waste and passive design.

**New building inspections devices and booking system** – A new electronic building inspections system was introduced in April 2019. Benefits include reducing paperwork, streamlining the process and making it quicker. For example, emails and texts will be used to notify building inspection times, inspection reports will be emailed rather than printed out and will have photos linked to the electronic reports.

**New Building Services cadet/graduate programme** – This new initiative, established in June 2019, will provide cadets with experiences across most areas of Building Services at the same time as delivering a core activity of checking building consent applications. The aim is that, over time, the cadets will have the competency to easily move into an entry level building consent processing officer role.

**Inaugural Building Industry Advisory Group** – In May 2019 a group of building industry design and construction representatives met for the first time to provide a direct interface between the Building Services team and the wider building industry. The aim is to share knowledge, information and provide feedback on proposed changes to future procedures and guidelines.



## Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
Compliance Solutions - Minor capital equipment		9	-
Compliance Solutions - Animal Services body worn cameras		7	10
Parking Operations - Thomas Burns carpark upgrade	1	285	-
Parking Services - Parking Enforcement equipment		(2)	-
		<hr/> 299	<hr/> 10
<b>Renewals</b>			
Parking Operations - Parking meter renewals		-	50
Parking Operations - Parking buildings parking meter renewals		188	200
		<hr/> 188	<hr/> 250
<b>Total Capital</b>			
		<hr/> 487	<hr/> 260

## Explanation of variance

1. Thomas Burns carpark extended to cater for Freedom Camping vehicle parking.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

## Regulatory services

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	3,072	-	-
Targeted rates	1	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	8,862	13,616	14,483
Internal charges and overheads recovered	49	92	97
Local authorities fuel tax, fines, infringement fees, and other receipts	2,553	2,269	2,316
<b>Total operating funding (A)</b>	<b>14,537</b>	<b>15,977</b>	<b>16,896</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	11,752	9,650	9,867
Finance costs	73	72	72
Internal charges and overheads applied	2,282	5,547	5,579
Other operating funding applications	-	-	-
<b>Total application of operating funding (B)</b>	<b>14,107</b>	<b>15,269</b>	<b>15,518</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>430</b>	<b>708</b>	<b>1,378</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(43)	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(43)</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	8	299
- to replace existing assets	352	252	188
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	35	448	891
<b>Total application of capital funding (D)</b>	<b>387</b>	<b>708</b>	<b>1,378</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(430)</b>	<b>(708)</b>	<b>(1,378)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Waste management | Rautaki para

## What we provide:

The waste management group includes activities and services related to waste and environmental solutions.

The DCC provides collection, resource recovery, and residual disposal service for domestic and some commercial residents in Dunedin. It includes large waste management facilities like the Green Island landfill and inner-city recycling hubs on Moray Place and Vogel Street. It also provides education on e-waste minimisation and public education on Council's sustainability practices in Dunedin's unique waste management context.

The DCC currently manages the collections and environmental monitoring contracts, one open and five closed landfill facilities, one recovery store, three Transfer Stations, and two recycling drop-off facilities to provide effective waste and recycling collection services and waste disposal facilities in a way that protects public health, minimises impact on the environment and promotes waste minimisation.

## Community outcomes

The waste management group contributes to the following community outcomes:

- A sustainable city with healthy and treasured natural environments
- A healthy city with reliable and quality water, wastewater and stormwater systems
- A supportive city with caring communities and a great quality of life

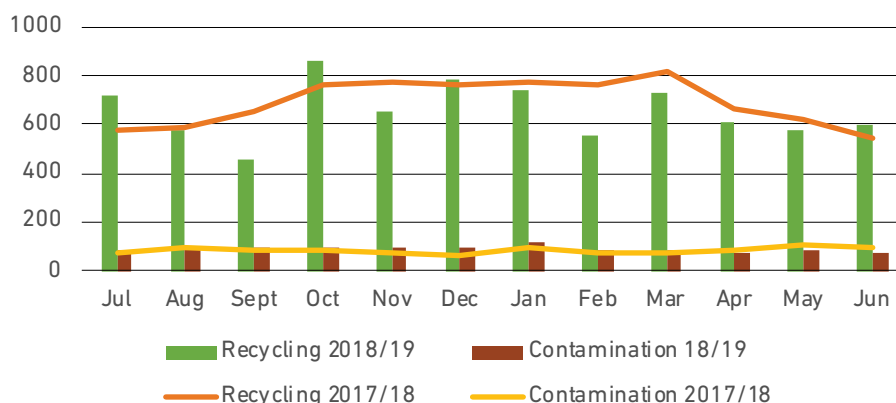


## Measuring Performance

Measure	Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: Refuse collection and kerbside recycling meet customer expectations</b>					
Overall satisfaction with rubbish disposal service*	ROS	≥70%	68%	68%	Not achieved. 1.
<b>Level of service: Waste minimisation targets are met</b>					
The quantity and quality of diverted material collected via the DCC's collection service for diverted material	Internal Quarterly Reports	>2% annual growth in diverted materials sold	7,837 tonnes. 5% decrease on 2017/18	8,282 tonnes. 4.8% increase on 2016/17	Not achieved. 2.

\* This performance measure was previously "Number of complaints regarding missed collections".

## Total waste diverted and sold during 2018/19 by month (tonnes)



## Explanations

1. Overall satisfaction remains steady at 68%, with the primary causes of dissatisfaction being the continued use of pre-paid plastic rubbish bags instead of bins, and the lack of an organics collection service.
2. A reduction in the number of available markets for recyclable material in line with the China National Sword Policy, combined with higher acceptance standards for the quality of the recyclable materials, has resulted in a 5% reduction in diverted materials sold.

### Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Waste management	2	0	2	0	0%

#### Some of our achievements in 2018/19:

**Waste Minimisation Grants** - \$73,339 of contestable funding was awarded to 17 community groups/schools and organisations for waste minimisation initiatives.

**Proposed Waste Minimisation and Management Plan 2020 and Supporting Waste Assessment 2018** - The review of the DCC's WMMP commenced in 2018 with the Waste Assessment 2018, which is appended to the WMMP 2020 and provides for a description of the collection, recycling, treatment, and disposal services within the Dunedin district. It also aims to assess the Future Forecast of Demand for waste and resource recovery services, including education and facilities i.e. service level improvements and infrastructure needs.

The DCC made every attempt to obtain data to inform a district wide review, however some data could not be obtained due to commercial sensitivity and unknown activities that are likely to be taking place. These issues are not unique to the DCC and the time and cost associated with trying to obtain this data is prohibitive.

The WMMP 2020 provides a strategic level of guidance to the DCC's Waste and Environment Solutions team, DCC departments, external community and commercial stakeholders, many of whom were involved in the preparation of this amended plan. The WMMP 2020 and Waste Assessment 2018 directly aligns with the Waste Futures project programme planning.

**Waste Futures project** - The Waste Futures project involves using the Better Business Case methodology to develop a future waste and diverted materials system for Dunedin. It also includes feasibility studies for operating the Green Island landfill until an alternative landfill is available, and investigated the technical feasibility of a new landfill facility at the designated Smooth Hill site. Phase One of this project focussed on the Strategic Case and Programme Business Case and is now complete. Phase Two is now underway focussing on the economic, financial, commercial, and managerial business cases.

### Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
Waste and Environmental Solutions - City recycling facilities		85	180
Waste and Environmental Solutions - Green Island Landfill and Transfer Station	1	181	484
Waste and Environmental Solutions - Landfill gas collection system		467	380
Waste and Environmental Solutions - Waikouaiti Transfer Station		7	150
		740	1,194
<b>Renewals</b>			
Waste and Environmental Solutions - Green Island Landfill renewals		141	338
Waste and Environmental Solutions - Bin renewals		19	50
		160	388
<b>Total Capital</b>		900	1,582

### Explanation of variance

1. Later than planned start on Green Island landfill leachate and drainage works due to procurement delays.

## Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

**Waste management**

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	621	576	576
Targeted rates	2,939	2,841	2,845
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6,647	14,232	14,097
Internal charges and overheads recovered	783	982	1,333
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	(26)
<b>Total operating funding (A)</b>	<b>10,990</b>	<b>18,631</b>	<b>18,825</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	9,528	12,450	14,671
Finance costs	194	179	179
Internal charges and overheads applied	128	913	836
Other operating funding applications	-	-	-
<b>Total application of operating funding (B)</b>	<b>9,850</b>	<b>13,542</b>	<b>15,686</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,140</b>	<b>5,089</b>	<b>3,139</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(293)	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(293)</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	378	897	740
- to replace existing assets	368	686	160
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	101	3,506	2,239
<b>Total application of capital funding (D)</b>	<b>847</b>	<b>5,089</b>	<b>3,139</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,140)</b>	<b>(5,089)</b>	<b>(3,139)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Community and planning

## Te hapori me te whakamahere kaupapa

### What we provide:

The community and planning group includes activities and services related to:

- Community development and events
- City development
- Resource consents

The DCC is responsible for promoting the sustainable management of the natural and physical resources within Dunedin. This includes developing, reviewing and administering the District Plan, Spatial Plan and related policies, and processing applications for resource consents under the District Plan. The DCC also provides heritage, biodiversity and urban design advice to the Council and residents, and administers the heritage fund.

The community and planning group provides advice and support to community providers and administers a range of community support and grants, and organises community events. The community and planning group contributes to the vibrancy of the city for Dunedin residents and visitors, and works with community groups to provide a better quality of life, while driving development and delivery of the city's key strategies.

### Community outcomes

The community and planning group contributes to the following community outcomes:

- A creative city with a rich and diverse arts and culture scene
- A successful city with a diverse, innovative and productive economy
- A supportive city with caring communities and a great quality of life
- A sustainable city with healthy and treasured natural environments
- A compact city with a vibrant CBD and thriving suburban and rural centres



### Measuring Performance

Measure	Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: Advice and support is provided to the community and key stakeholders, and grants funding and contract support is appropriately administered and monitored</b>					
Percentage of customers satisfied with advice, support, and assistance provided by Community Development	Annual survey	≥95%	95%	100%	Achieved. 1.
<b>Level of service: Council-funded events meet the needs of residents</b>					
Percentage of residents satisfied with city festivals and events	ROS	≥70%	76%	75%	Achieved. 2.
<b>Level of service: Residents are satisfied with the look and feel of the city</b>					
Percentage of residents satisfied with the overall look and feel of the city	ROS	≥75%	75%	76%	Achieved. 3.
<b>Level of service: Resource consents are processed efficiently and meet statutory timeframes and customer information needs are met</b>					
Percentage of resource consents processed within statutory timeframes	Internal processing analysis	100%	97%	99%	Not achieved. 4.

### Explanations

- 20 responses were received to this question. The team has worked hard to provide advice and support, but has also been tasked with a wider scope of work within the past 12 months, which could be a factor in a slight decrease in satisfaction.
- The increase in satisfaction with city events may be the result of a wider variety of events and festivals now being held within the city.
- Target achieved this year, and similar to the previous three years' results. The Central City Plan and other amenity projects programmed in the coming years seek to address residents' concerns about the overall appearance of the city. Through stakeholder and community consultation, the community has informed the design proposals of the city through the Central City Plan and other amenity projects design stages. This will continue across all projects.

4. A total of 97% (799 of 821) of resource consents were processed on time. This was the fourth busiest year of the last 20 years. The demands were further increased with the release of Second Generation Plan (2GP) decisions in November 2018.

### Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Community and planning	4	3	1	0	75%

### Some of our achievements in 2018/19 were:

The first annual **Place Based Community Grants** were allocated in October 2018 following a decision to establish the grant fund during the 10 year plan. Seven groups were allocated \$300,000 of funding to support community-led development initiatives within the following areas; Blueskin Bay, Caversham, Green Island, Mosgiel, North East Valley, South Dunedin and Waikouaiti. The annual grants will be allocated for three years.

During the year **Taskforce Green** volunteers provided 24,000 hours of work to the community; supporting a broad range of initiatives including the beautification of the harbour cycleway, graffiti removal, weed-eating of tracks on DCC land, projects on DCC parks and recreation facilities and assistance with set up of city events.

The DCC funded a local face-to-face interpreting service for former **refugees and migrants** needing help from non-government organisations. The service was established following feedback from community stakeholders, citing barriers to communication as a key reason refugees and migrants don't settle well in communities.

More than \$3.2 million in **DCC grant funding** was allocated in the 2018/19 year to non-for-profit groups and individuals whose work aligns with Dunedin's Social Wellbeing and Ara Toi Arts and Culture strategies.

A review of the DCC's 12-year-old **Biodiversity Fund** was completed, with changes approved by Planning and Environment Committee in February 2009, and procurement of a fine-scale vegetation cover map of the Dunedin City District. This map will provide detailed baseline information on the city's indigenous biodiversity extent and range of ecosystems, and be used for a variety of cross-department biodiversity and environmental programmes, including climate change mitigation.

Successes this year for **Urban Design** have included a number of high-profile projects, including the Stuart Street Median upgrade, Great King Street Pocket Park, parklets introduced to the CBD, Abutment Square (Warehouse Precinct) and Caversham Reserve improvements, with many more in development.

### Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
City Development - Minor amenity centres upgrades		-	100
City Development - Warehouse precinct upgrades	1	381	1,400
City Development - Caversham BBQ/picnic hub		23	50
City Development - Street trees and furniture		24	100
City Development - Great King St pop-up park		56	-
Community Development and Events - Task Force Green equipment		3	-
		487	1,650
<b>Total Capital</b>		487	1,650

### Explanation of variance

1. Due to a delayed commencement of the project, it will continue into the 2019/20 year.



## Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

## Community and planning

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	9,803	10,699	10,699
Targeted rates	197	-	-
Subsidies and grants for operating purposes	132	143	223
Fees and charges	1,157	1,262	1,470
Internal charges and overheads recovered	13	252	267
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>11,302</b>	<b>12,356</b>	<b>12,659</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	9,432	10,227	10,832
Finance costs	398	209	209
Internal charges and overheads applied	1,118	1,918	2,226
Other operating funding applications	-	-	-
<b>Total application of operating funding (B)</b>	<b>10,948</b>	<b>12,354</b>	<b>13,267</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>354</b>	<b>2</b>	<b>(608)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	50
Development and financial contributions	-	-	-
Increase (decrease) in debt	884	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>884</b>	<b>-</b>	<b>50</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	788	1,238	487
- to replace existing assets	-	412	-
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	450	(1,648)	(1,045)
<b>Total application of capital funding (D)</b>	<b>1,238</b>	<b>2</b>	<b>(558)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(354)</b>	<b>(2)</b>	<b>608</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Economic development | Te whakatupu ohaoha

## What we provide:

The economic development group includes activities and services related to:

- Business development
- Marketing Dunedin
- Visitor centre (i-SITE)

The DCC supports and encourages business vitality, alliances for innovation, a hub for skills and talent, linkages beyond our borders and a compelling destination to make Dunedin a great place to live, work, study, visit and invest in.

The economic development group works in partnership with other agencies to: promote the city, attract visitors and migrants; and encourages and support business, job growth and entrepreneurial activity.

## Community outcomes

The economic development group contributes to the following community outcomes:

- A creative city with a rich and diverse arts and culture scene
- A successful city with a diverse, innovative and productive economy
- A supportive city with caring communities and a great quality of life



## Measuring Performance

Measure	Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: Enterprise Dunedin provides business sector support and coordinates the marketing of the city for tourism and education and attracting investment and skilled migrants</b>					
Percentage of residents satisfied with the Council's support for economic development*	ROS	≥50%	54%	48%	Achieved. 1.
Percentage growth in Dunedin's total visitor nights	Commercial accommodation monitor	≥1.6% increase on previous year	-3.5%pa growth, taking total over 12 months to 916,597	4.1%pa growth, taking total over 12 months to 949,778	Not achieved. 2.
Dunedin's market share of total NZ convention capacity (percentage increase on previous year)	Convention Activity Survey	≥5% increase on previous year	3.0% market share to March 2019	3.3% market share to March 2018	Not achieved. 3.
<b>Level of service: The i-site Visitor Centre provides an accessible, accurate tourism information and booking service</b>					
Percentage of external customers satisfied with the i-SITE/Visitor Centre	Independent external survey**	≥90%***	96%	92%	Achieved. 4.

\* This performance measure was previously "Percentage of clients satisfied with the work of the Economic Development Unit" and the data source was an internal survey.

\*\* This data source was previously an internal survey.

\*\*\* This performance target was previously "≥95%".

## Explanations:

1. The target was achieved this year. Enterprise Dunedin continues to support Dunedin's economic development in line with Dunedin's Economic Development Strategy.
2. The main contributor to the decrease in growth was the international market. A similar pattern to international guest nights has been experienced nationally, as international visitor arrivals growth slows and private accommodation platforms, such as Airbnb, continue to expand. These private accommodation platforms are not captured by official accommodation statistics.

3. Data only available for the March 2019 year as the 2018/19 annual report was being finalised. The Business Events Activity Survey was formerly known as the Convention Activity Survey. The Survey is administered by MBIE. Although the market share of events fell, Dunedin's share of total delegate days actually increased due to the events that Dunedin hosted being of longer average duration. Market share of delegate days rose from 2.3% to 3.2% over the year.
4. The National Radar Survey benchmarks against other iSITES. This measures customer expectations and experiences of the iSITE.

### Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Economic development	4	2	2	0	50%

### Some of our achievements in 2018/19:

**Dunedin Destination Plan** – Enterprise Dunedin worked collaboratively with city stakeholders on the development of interactive dashboards for both city Insights and Visitor statistics, and were launched in March 2019.

**Energy Plan** – The 2017/18 Dunedin Energy Study produced in collaboration with the Centre for Sustainability at the University of Otago identified Dunedin as having the highest per capita electric vehicle ownership of any city in New Zealand.

**Good Food Dunedin** – The Good Food Dunedin partners developed an action plan to support the city food charter and our vision of Dunedin as a thriving food-resilient city. The plan prioritises 4 key areas of work: Leadership and Coordination; Schools at the Heart; Business Support and Growing Community Gardens.

**i-SITE Visitor Centre** – The i-SITE had a successful cruise season, at both port and in the city. This contributed significantly to the increase in total revenue of 15% compared to the previous year.

**JobDUN** – This initiative, previously known as 'Sexy Summer Jobs', supports start-ups and high growth small and medium enterprises (SMEs) link to students from the University of Otago and Otago Polytechnic. In the 2018/2019 programme, 48 interns were placed in 26 companies and of those 30 (63%) were employed in fulltime, part time or contract capacities, and 25 (52%) of these positions were new.

**Destination Marketing** – In anticipation for the planned city development, including the Dunedin Hospital rebuild, Enterprise Dunedin increased marketing activity to promote the city as a compelling place to work and live. In partnership with a number of external stakeholders, Enterprise Dunedin invested in a 16 page 'Work, Live, Play Dunedin' supplement published in the NZ Herald in March. This activity was complemented with digital assets including three videos, website content and advertising.

**Project China** – During the period an agreement was signed with Wuxi to support the University of Otago. The city also attended the inaugural China International Import Expo (CIIE) and Shanghai Belt and Road Expo with the Otago Chamber of Commerce. Opportunities were also progressed with potential Auckland-based Chinese investors Zino.

### Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
Dunedin i-SITE Visitor Centre – Visitor Centre mobile kiosk		2	-
Economic Development – Office equipment		4	-
		6	-
<b>Total Capital</b>		6	-

Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

# Economic development

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	4,248	4,645	4,645
Targeted rates	526	500	500
Subsidies and grants for operating purposes	-	-	-
Fees and charges	979	1,220	1,228
Internal charges and overheads recovered	-	2	4
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>5,753</b>	<b>6,367</b>	<b>6,377</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	4,260	5,260	4,992
Finance costs	-	-	-
Internal charges and overheads applied	1,308	1,086	1,129
Other operating funding applications	180	-	-
<b>Total application of operating funding (B)</b>	<b>5,748</b>	<b>6,346</b>	<b>6,121</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>5</b>	<b>21</b>	<b>256</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	6
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	5	21	250
<b>Total application of capital funding (D)</b>	<b>5</b>	<b>21</b>	<b>256</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(5)</b>	<b>(21)</b>	<b>(256)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Governance and support services

## Ratoka whakahaere, ratoka tautoko

### What we provide:

The governance and support services group includes activities and services related to:

- Business Information Services
- Civic and administration
- Communications and marketing
- Corporate leadership
- Corporate policy
- Customer services agency
- Finance
- Fleet operations
- Human resources
- Investment account
- Waipori fund
- Warm Dunedin

The governance and support services group provides technical and administrative support for the key delivery activities of the DCC. In some instances, an external service to residents and the public is provided (e.g. the provision of the Council's website). The support services are largely funded by an internal charge to the other activities in this section. The charge is based on an allocation method that endeavours to reflect the true cost to the key delivery activities.

### Community outcomes

The governance and support services group contributes to the following community outcomes:

- A healthy city with reliable and quality water, wastewater and stormwater
- A compact city with a vibrant CBD and thriving suburban and rural centres
- A successful city with a diverse, innovative and productive economy
- A creative city with a rich and diverse arts and culture scene
- A connected city with a safe, accessible and low-carbon transport system
- A sustainable city with healthy and treasured natural environments
- An active city with quality and accessible recreational spaces and opportunities
- A supportive city with caring communities and a great quality of life



### Measuring Performance

Measure	Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: The information required to participate in the democratic process is appropriately available</b>					
Percentage of non-public material that is assessed for proactive release to the public during each Council Committee meeting round	Internal assessment of Committee	100%	100%	100%	Achieved. 1.
Percentage of LGOIMA official information requests that are responded to within 20 working days	Internal analysis of LGOIMA processing	100%	98%	99.6%	Not achieved. 2.
Percentage of residents satisfied with the amount of public consultation undertaken	ROS	≥50%	48%	50%	Not achieved. 3.
<b>Level of service: The information residents require is appropriately available*</b>					
Percentage of residents satisfied with the Council's website**	ROS	≥65%	63%	65%	Not achieved. 4.
<b>Level of service: Staff communicate with residents appropriately*</b>					
Percentage of residents satisfied with how staff communicate**	ROS	≥80%	79%	74%	Not achieved. 5.

Measure	Data Source	Target 2018/19	Actual 2018/19	Actual 2017/18	Achievement
<b>Level of service: The Waipori Fund achieves the annual target for non-rates income for offsetting against rates requirements (Note: target excludes inflation adjustment)</b>					
Cash received from the Waipori Fund	Annual financial reporting	≥\$3.27 million***	\$3.20m	\$3.48m	Not achieved. 6.
<b>Level of service: The Investment Account receives budgeted dividend*</b>					
Dividend received from Dunedin City Holdings Limited (all paid as Interest on Shareholder's Advance)	Annual financial reporting	\$5.902 million	\$5.902m	\$5.9m	Achieved. 7.

\* This is a new level of service statement for a major aspect of the governance and support services group.

\*\* This is a new performance measure.

\*\*\* This target is inflation adjusted annually – see the significant forecasting assumptions in section 4.3 of the 10 year plan 2018-2028 for the annual percentage change.

### Explanations:

1. All 2018/19 non-public material was assessed for proactive release to the public.
2. 301 LGOIMA requests were responded to within 20 working days during 2018/19. Six requests exceeded the 20 working day timeframe.
3. Decrease in satisfaction from the previous year. Consultations over 2018/19 included Annual Plan 2019/20, Central City Upgrade, parking changes, and Botanic Garden and Truby King Reserve management plans.
4. In 2019 the combined score for percentage of satisfied residents was 63%. This is the first time the website has fallen outside the 65% approval rating since records began for this measure in 2014. As a result of the falling resident score over the past few years the DCC web team introduced a new website in March 2019. It is anticipated this will improve the overall approval ratings with residents in next year's residents survey. A positive note on this year's result is the approval for the website in the 18-29 age group category jumped 8% from 54% last year to 62%. This is the best result in that age category since recording for this measure began. Incidentally the DCC website was also awarded the most improved council website in NZ in 2018 by the Association of Local Government Information Management (ALGIM).
5. The DCC customer services team, made up of the Contact Centre and Civic Service Centre responded to 341,000 customer requests during 2018/19. Customer interactions were made up of email, phone, letter, face to face and social media. The DCC has 'delivering great customer service' as an internal strategy and has been working on new initiatives aimed at improving customer experiences and staff communications with customers. This included the introduction of a new after hours contractor in early 2018, which has helped improve quality experiences outside of standard business hours.
6. Net cash received from the fund was 2% lower than budgeted.
7. Interest on advance received as budgeted.

### Summary of Group Service Performance Results

Activity	Number of measures	Number of measures achieved	Number of measures not achieved	Number of measures not measured	% of measures achieved
Governance and support services	7	2	5	0	29%

### Some of our achievements in 2018/19:

A redeveloped **DCC website** was launched in March 2019, with changes to improve navigation, search function, accessibility and look and feel. The last extensive redevelopment of the website was 10 years ago, with minor changes being made around six years ago. Local Dunedin company The Bold designed the new website and the estimated life span for it is 6-10 years, depending on the technology advances.

The DCC received an 'A' grading following an independent assessment known as **CouncilMARK** – a programme run through Local Government New Zealand. The DCC is one of only six New Zealand councils to have received an overall grading of A or better.

Launch of new **DCC brand** – a new DCC brand was launched in May 2019, with the previous brand being unchanged since 2005. The new brand incorporates the literal Māori translation for the DCC with more prominence than previously and moves away from the original blue and gold visual. The brand was developed in-house and will be rolled out over time on various things, such as the website, signs, DCC cars and publications.

## Capital Expenditure

	Note	2018/19 Actual \$'000	2018/19 Budget \$'000
<b>New Capital</b>			
Business Information Services - ICT systems and services		627	650
Communications and Marketing - Banners		227	-
Fleet operations - Book Bus replacement	1	-	600
		854	1,250
<b>Renewals</b>			
Business Information Services - ICT renewals		2,109	2,300
Communications and Marketing - Minor capital equipment		5	-
Fleet operations - Fleet replacement		426	350
		2,540	2,650
<b>Total Capital</b>		3,394	3,900

## Explanation of variance

1. This expenditure will be incurred in the 2019/20 year.



Dunedin City Council: Funding impact statement for the year ended 30 June 2019 for

## Governance and support services

	2018 Long-term plan \$000	2019 Long-term plan \$000	2019 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	14,357	720	1,423
Targeted rates	438	524	498
Subsidies and grants for operating purposes	-	-	820
Fees and charges	454	12,316	10,464
Internal charges and overheads recovered	26,382	24,921	25,488
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>41,631</b>	<b>38,481</b>	<b>38,693</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	26,903	27,688	29,840
Finance costs	2,143	85	(2,528)
Internal charges and overheads applied	6,967	6,601	6,616
Other operating funding applications	-	-	-
<b>Total application of operating funding (B)</b>	<b>36,013</b>	<b>34,374</b>	<b>33,928</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>5,618</b>	<b>4,107</b>	<b>4,765</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(1,784)	8,164	18,500
Gross proceeds from sale of assets	84	60	59
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(1,700)</b>	<b>8,224</b>	<b>18,559</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	54	937	854
- to replace existing assets	2,404	2,960	2,540
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	1,460	8,434	19,930
<b>Total application of capital funding (D)</b>	<b>3,918</b>	<b>12,331</b>	<b>23,324</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(5,618)</b>	<b>(4,107)</b>	<b>(4,765)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>





## SECTION 3:

# Finances | **Tahua**

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# Financial statements | He pūroko tahua

## Dunedin City Council

### Statement of comprehensive revenue and expense for the year ended 30 June 2019

		CORE COUNCIL			CONSOLIDATED	
	Note	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Revenue continuing operations</b>						
Rates revenue	2	149,312	148,848	138,306	149,312	138,306
Development and financial contributions	3	1,358	672	1,426	1,358	1,426
Subsidies and grants	4	45,519	28,040	32,102	45,519	32,102
Financial revenue	5	15,680	11,379	13,180	10,957	9,073
Other revenue	6	74,540	68,833	73,447	350,319	345,218
<b>Total operating revenue</b>		<b>286,409</b>	<b>257,772</b>	<b>258,461</b>	<b>557,465</b>	<b>526,125</b>
<b>Expenses</b>						
Other expenses	7	123,082	117,498	123,230	272,268	265,272
Personnel expenses	12	62,353	60,010	57,429	128,353	114,742
Audit fees	8	176	177	291	543	601
Financial expenses	9	11,064	12,937	12,262	28,233	28,974
Depreciation and amortisation	10	68,597	63,388	65,035	98,392	93,662
<b>Total operating expenses</b>		<b>265,272</b>	<b>254,010</b>	<b>258,247</b>	<b>527,789</b>	<b>503,251</b>
<b>Operating surplus (deficit) from continuing operations</b>		<b>21,137</b>	<b>3,762</b>	<b>214</b>	<b>29,676</b>	<b>22,874</b>
Share of associate surplus (deficit)		-	-	-	1,794	1,638
<b>Surplus (deficit) before taxation</b>		<b>21,137</b>	<b>3,762</b>	<b>214</b>	<b>31,470</b>	<b>24,512</b>
Less taxation	13	(1,296)	(450)	(1,049)	4,897	7,711
<b>Surplus (deficit) after taxation</b>		<b>22,433</b>	<b>4,212</b>	<b>1,263</b>	<b>26,573</b>	<b>16,801</b>
<i>Surplus (deficit) attributable to:</i>						
Dunedin City Council and Group		22,433	4,212	1,263	26,607	16,874
Non-controlling interest		-	-	-	(34)	(73)

Explanations of major variances against budget are provided in Note 36.

The accompanying notes and accounting policies form an integral part of these financial statements.

## Dunedin City Council

## Statement of other comprehensive revenue and expense for the year ended 30 June 2019

Note	CORE COUNCIL			CONSOLIDATED	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Other comprehensive revenue and expense</b>					
Gain (loss) on property, plant and equipment revaluations	42,280	37,500	114,854	42,280	114,854
Gain (loss) on forestry land revaluations	-	-	-	4,734	2,277
Gain (loss) of comprehensive revenue in associates	-	-	-	(116)	177
Gain (loss) of cash flow hedges at fair value through other comprehensive revenue and expense	2,533	3,053	3,385	(23,158)	(3,098)
Gain (loss) on foreign exchange hedges	-	-	-	497	(1,303)
Gain (loss) on carbon credit revaluation	-	-	-	2,846	5,158
Income tax on other comprehensive income	-	-	-	(992)	(1,059)
<b>Total other comprehensive revenue and expense</b>	<b>44,813</b>	<b>40,553</b>	<b>118,239</b>	<b>26,091</b>	<b>117,006</b>
Surplus (deficit) after taxation	22,433	4,212	1,263	26,573	16,801
<b>Total comprehensive revenue and expense</b>	<b>67,246</b>	<b>44,765</b>	<b>119,502</b>	<b>52,664</b>	<b>133,807</b>

*Total comprehensive revenue and expense attributable to:*

Dunedin City Council and Group	67,246	44,765	119,502	52,698	133,880
Non-controlling interest	-	-	-	(34)	(73)

## Statement of changes in equity for the year ended 30 June 2019

Note	CORE COUNCIL			CONSOLIDATED	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Movements in equity</b>					
Opening equity	3,052,940	2,970,761	2,933,438	3,277,135	3,143,328
Total comprehensive revenue and expense	67,246	44,765	119,502	52,664	133,807
<b>Closing equity</b>	<b>3,120,186</b>	<b>3,015,526</b>	<b>3,052,940</b>	<b>3,329,799</b>	<b>3,277,135</b>

The accompanying notes and accounting policies form an integral part of these financial statements.

## Dunedin City Council

## Statement of financial position as at 30 June 2019

		CORE COUNCIL			CONSOLIDATED	
	Note	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Current assets</b>						
Cash and cash equivalents	15	11,905	1,220	5,490	29,348	7,533
Other current financial assets	19	7,723	5,226	8,424	9,112	10,472
Derivative financial instruments	32	-	-	-	-	-
Trade and other receivables	16	18,238	13,945	18,758	46,675	46,137
Taxation refund receivable		954	450	841	6,632	3,495
Inventories	17	288	260	259	11,181	11,618
Non-current assets held for sale	18	1,287	-	900	1,287	900
Prepayments		699	511	572	1,552	1,517
<b>Total current assets</b>		<b>41,094</b>	<b>21,612</b>	<b>35,244</b>	<b>105,787</b>	<b>81,672</b>
<b>Non-current assets</b>						
Term receivables	16	-	-	-	11,041	11,968
Other non-current financial assets	19	192,477	193,384	190,672	80,487	78,681
Shares in subsidiary companies	20	123,589	123,589	121,039	-	-
Derivative financial instruments	32	-	-	-	10,560	4,421
Investments accounted for using the equity method	21	-	-	-	31,841	30,867
Intangible assets	28	3,395	1,882	1,468	4,346	2,704
Intangible assets carbon credits	30	-	-	-	26,894	27,024
Investment property	27	93,480	91,448	91,660	93,480	91,660
Forestry assets	29	-	-	-	164,010	150,172
Property, plant and equipment	26	2,944,977	2,835,133	2,868,150	3,756,679	3,629,383
<b>Total non-current assets</b>		<b>3,357,918</b>	<b>3,245,436</b>	<b>3,272,989</b>	<b>4,179,338</b>	<b>4,026,880</b>
<b>Total assets</b>		<b>3,399,012</b>	<b>3,267,048</b>	<b>3,308,233</b>	<b>4,285,125</b>	<b>4,108,552</b>
<b>Current liabilities</b>						
Short term borrowings	22	-	-	-	620	3,638
Trade and other payables	23	31,143	24,333	28,237	65,175	55,807
Revenue received in advance	23	6,212	3,256	3,676	6,212	3,676
Employee entitlements	23	6,812	5,282	6,337	13,217	11,876
Derivative financial instruments	32	957	-	552	956	786
Provision for tax		-	-	-	6,934	5,096
Current portion of term loans	24	-	-	-	-	-
<b>Total current liabilities</b>		<b>45,124</b>	<b>32,871</b>	<b>38,802</b>	<b>93,114</b>	<b>80,879</b>
<b>Non-current liabilities</b>						
Term loans	24	218,973	206,955	200,473	691,069	610,043
Provisions	25	11,192	8,309	9,500	12,178	10,467
Derivative financial instruments	32	3,308	3,158	6,289	43,512	20,889
Other non-current liabilities		229	229	229	760	1,192
Deferred taxation	13	-	-	-	114,693	107,947
<b>Total non-current liabilities</b>		<b>233,702</b>	<b>218,651</b>	<b>216,491</b>	<b>862,212</b>	<b>750,538</b>

## Dunedin City Council

## Statement of financial position as at 30 June 2019 (continued)

	Note	CORE COUNCIL			CONSOLIDATED	
		Actual	Budget	Actual	Actual	Actual
		2019 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Equity</b>						
Accumulated funds		1,690,660	1,677,424	1,668,710	1,833,264	1,811,892
Minority interest in subsidiary company		-	-	-	512	543
<b>Total accumulated funds</b>	14	1,690,660	1,677,424	1,668,710	1,833,776	1,812,435
Revaluation reserves	14	1,423,197	1,331,512	1,380,917	1,439,909	1,397,745
Restricted reserves	14	10,594	9,748	10,111	10,594	10,111
Cash flow hedge reserves	14	(4,265)	(3,158)	(6,798)	(40,342)	(17,484)
Carbon credit reserve	14	-	-	-	5,697	8,411
Forest revaluation reserve	14	-	-	-	80,165	65,917
<b>Total equity</b>		<b>3,120,186</b>	<b>3,015,526</b>	<b>3,052,940</b>	<b>3,329,799</b>	<b>3,277,135</b>
<b>Total liabilities and equity</b>		<b>3,399,012</b>	<b>3,267,048</b>	<b>3,308,233</b>	<b>4,285,125</b>	<b>4,108,552</b>

Explanations of major variances against budget are provided in Note 36.



## Dunedin City Council

## Statement of cash flows for the year ended 30 June 2019

	CORE COUNCIL			CONSOLIDATED	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Cash flow from operating activities</b>					
<i>Cash was provided from operating activities</i>					
Rates	150,163	148,658	138,988	150,163	138,988
Other revenue	116,532	98,255	92,092	370,214	310,473
Interest received	8,106	8,192	7,965	3,040	1,968
Dividend received	1,519	1,487	1,421	2,223	2,125
Taxation refund received	1,174	527	1,139	1,660	1,730
	<b>277,494</b>	<b>257,119</b>	<b>241,605</b>	<b>527,300</b>	<b>455,284</b>
<i>Cash was applied to:</i>					
Suppliers and employees	(182,531)	(181,579)	(174,531)	(382,046)	(336,833)
Interest paid	(11,118)	(12,937)	(12,452)	(27,885)	(29,114)
Taxation paid	-	-	-	(1,917)	(2,817)
	<b>(193,649)</b>	<b>(194,516)</b>	<b>(186,983)</b>	<b>(411,848)</b>	<b>(368,764)</b>
<b>Net cash inflow (outflow) from operating activities</b>	<b>83,845</b>	<b>62,603</b>	<b>54,622</b>	<b>115,452</b>	<b>86,520</b>
<b>Cash flow from investing activities</b>					
<i>Cash was provided from investing activities</i>					
Sale of assets	508	60	191	903	2,651
Reduction in loans and advances	-	221	-	-	-
Carbon credits sold	-	-	-	7,215	8,010
Decrease in investments	4,307	-	-	6,080	66
	<b>4,815</b>	<b>281</b>	<b>191</b>	<b>14,198</b>	<b>10,727</b>
<i>Cash was applied to:</i>					
Increase in investments	(2,550)	(2,550)	(3,551)	(70)	(1,450)
Capital expenditure	(98,195)	(68,286)	(47,890)	(179,670)	(145,379)
	<b>(100,745)</b>	<b>(70,836)</b>	<b>(51,441)</b>	<b>(179,740)</b>	<b>(146,829)</b>
<b>Net cash inflow (outflow) from investing activities</b>	<b>(95,930)</b>	<b>(70,555)</b>	<b>(51,250)</b>	<b>(165,542)</b>	<b>(136,102)</b>
<b>Cash flow from financing activities</b>					
<i>Cash was provided from financing activities</i>					
Loans raised	18,500	17,424	2,000	71,905	42,697
Increase in short term borrowings	-	-	30,100	-	-
	<b>18,500</b>	<b>17,424</b>	<b>32,100</b>	<b>71,905</b>	<b>42,697</b>
<i>Cash was applied to:</i>					
Loans repaid	-	(9,260)	(4,342)	-	(5,178)
Decrease in short term borrowings	-	-	(30,100)	-	-
	<b>-</b>	<b>(9,260)</b>	<b>(34,442)</b>	<b>-</b>	<b>(5,178)</b>
<b>Net cash inflow (outflow) from financing activities</b>	<b>18,500</b>	<b>8,164</b>	<b>(2,342)</b>	<b>71,905</b>	<b>37,519</b>
<b>Net increase (decrease) in cash held</b>	<b>6,415</b>	<b>212</b>	<b>1,030</b>	<b>21,815</b>	<b>(12,063)</b>
Opening cash and cash equivalents balance	5,490	1,008	4,460	7,533	19,596
<b>Closing cash and cash equivalents balance</b>	<b>11,905</b>	<b>1,220</b>	<b>5,490</b>	<b>29,348</b>	<b>7,533</b>

Explanations of major variances against budget are provided in Note 36.

The accompanying notes and accounting policies form an integral part of these financial statements.

## Dunedin City Council

# Reconciliation of operating surplus (deficit) to net cash flows from operating activities

	CORE COUNCIL			CONSOLIDATED	
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Surplus (deficit) after taxation	22,433	4,212	1,263	26,573	16,801
Share of retained surplus in associated companies	-	-	-	(1,794)	(1,638)
<b>Add (less) non-cash items</b>					
Depreciation and amortisation	68,597	63,388	65,035	98,392	93,662
Depletion of forest	-	-	-	8,860	10,761
Forestry revaluation	-	-	-	(20,333)	(19,672)
New Zealand carbon credits	-	-	-	(4,247)	(6,467)
After-care provision adjustment	1,773	-	1,162	1,773	1,162
Investment property fair value loss (gain)	(1,791)	-	(420)	(1,791)	(420)
Unrealised loss (gain) on investments	(5,882)	(1,700)	(3,503)	(5,882)	(3,503)
Vested assets	(4,634)	(2,500)	(8,128)	(4,634)	(8,128)
Increase (decrease) in cash flow hedge valuation	-	-	-	436	63
Add (less) non cash adjustments	66	(301)	330	710	2,139
<b>Total non-cash items</b>	<b>58,129</b>	<b>58,887</b>	<b>54,476</b>	<b>73,284</b>	<b>69,597</b>
<b>Add (less) movements in working capital items</b>					
(Increase) decrease in trade and other receivables	520	3,177	(5,564)	(538)	(6,862)
(Increase) decrease in term receivables	-	-	-	927	873
(Increase) decrease in inventories	(29)	-	1	437	(1,703)
(Increase) decrease in prepayments	(127)	-	(62)	(35)	172
(Increase) decrease tax refund receivable	(113)	-	90	(3,137)	(1,623)
Increase (decrease) in trade and other payables	2,906	(3,673)	6,686	9,368	648
Capital creditors in accounts payable	(3,116)	-	(2,814)	(1,900)	505
Increase (decrease) in other current liabilities	3,011	-	705	3,877	786
Increase (decrease) in other provisions	(81)	-	6	(62)	87
Increase (decrease) provision for tax	-	-	-	4,065	3,029
Increase (decrease) deferred tax	-	-	-	5,857	6,495
<b>Net movement in working capital items</b>	<b>2,971</b>	<b>(496)</b>	<b>(952)</b>	<b>18,859</b>	<b>2,407</b>
<b>Add (less) items classified as investing or financing activities</b>					
Profit on sale of investments	(208)	-	(348)	(208)	(348)
Loss on sale of investments	540	-	272	540	272
Profit on sale of property, plant and equipment	(35)	-	(89)	(44)	(571)
Loss on sale of property, plant and equipment	15	-	-	15	-
Investment in financial instrument	-	-	-	(1,773)	-
<b>Total items classified as investing or financing activities</b>	<b>312</b>	<b>-</b>	<b>(165)</b>	<b>(1,470)</b>	<b>(647)</b>
<b>Net cash flow from operating activities</b>	<b>83,845</b>	<b>62,603</b>	<b>54,622</b>	<b>115,452</b>	<b>86,520</b>

The accompanying notes and accounting policies form an integral part of these financial statements.

## Dunedin City Council

# Funding impact statement for the year ended 30 June 2019 (whole of Council)

	CORE COUNCIL			
	Annual Plan 2018 \$000	Actual 2018 \$000	Annual Plan 2019 \$000	Actual 2019 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	71,047	71,631	78,877	79,581
Targeted rates	67,609	67,533	70,691	70,669
Subsidies and grants for operating purposes	10,665	14,950	9,898	11,654
Fees and charges	58,021	61,800	63,253	64,734
Interest and dividends from investments	9,987	9,239	11,379	9,390
Local authorities fuel tax, fines, infringement fees, and other receipts	3,086	3,147	3,200	3,368
<b>Total operating funding (A)</b>	<b>220,415</b>	<b>228,300</b>	<b>237,298</b>	<b>239,396</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	162,714	180,948	177,686	185,596
Finance costs	14,120	11,900	12,937	10,324
Other operating funding applications	722	-	-	-
<b>Total applications of operating funding (B)</b>	<b>177,556</b>	<b>192,848</b>	<b>190,623</b>	<b>195,920</b>
<b>Surplus (deficit) operating funding (A-B)</b>	<b>42,859</b>	<b>35,452</b>	<b>46,675</b>	<b>43,476</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	18,338	16,245	17,302	32,941
Development and financial contributions	425	1,426	672	1,358
Increase (decrease) in debt	3,002	(1,946)	8,164	18,500
Gross proceeds from sale of assets	60	179	60	450
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>21,825</b>	<b>15,904</b>	<b>26,198</b>	<b>53,249</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	1,649	1,456	2,008	3,316
- to improve the level of service	27,768	20,731	11,065	41,386
- to replace existing assets	36,265	28,406	55,213	56,580
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	(998)	763	4,587	(4,557)
<b>Total applications of capital funding (D)</b>	<b>64,684</b>	<b>51,356</b>	<b>72,873</b>	<b>96,725</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(42,859)</b>	<b>(35,452)</b>	<b>(46,675)</b>	<b>(43,476)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Dunedin City Council

# Statement of financial involvement in Council controlled organisations as at 30 June 2019

Dunedin City Holdings Limited is Dunedin City Council's wholly owned investment company. Its purpose is to monitor and provide leadership to subsidiary and associate companies, and to deliver financial returns to the Dunedin City Council.

The provision of financial assistance by Dunedin City Council to Dunedin City Holdings Limited is by way of share capital and shareholder loan. The financial return for the current year is as follows:

	Dividend 2019 \$000	Interest 2019 \$000	Total 2019 \$000
Dunedin City Holdings Limited	-	5,902	5,902

## Structure of the Dunedin City Council Group (Consolidated)

Organisation	Ownership	Nature and scope of the activities
1. Dunedin City Holdings Limited	100%	Input into the statements of intent of subsidiaries. Input into the strategic direction of the subsidiaries. Performance monitoring. Ensuring individual subsidiaries receive maximum benefits from membership of the group of companies. Approve all decisions in accordance with subsidiary constitutions.
2. Dunedin (New Zealand) Masters Games Trust		Principal activity is the running of the biennial Masters Games in Dunedin.
<b>Associated companies of the Dunedin City Council</b>		
1. Golden Block Investments Limited	49%	Investment rental building.
<b>Subsidiaries of Dunedin City Holdings Limited</b>		
1. City Forests Limited	100%	Sustainable production of logs for local and export markets.
2. Dunedin City Treasury Limited	100%	Management of financial risks and liquidity of the Dunedin City Council Group.
3. Aurora Energy Limited	100%	Provision of electricity distribution services in Dunedin City and Central Otago.
4. Otago Power Limited	100%	Non trading company.
5. Delta Utility Services Limited	100%	Infrastructure specialist providing a range of electrical and environmental services to local authority and private sector customers with service depots throughout the South Island.
6. Lakes Contract Services Limited	100%	Non trading company.
7. Dunedin Venues Management Limited	100%	Event, turf and stadium and facilities management company currently operating out of the Forsyth Barr Stadium, Dunedin Centre/Town Hall Complex and the University of Otago Oval.
8. Dunedin Stadium Property Limited	100%	Ownership of the Forsyth Barr Stadium.
9. Dunedin Railways Limited	72%	Operates a tourist and excursion train on the Taieri Gorge railway line and on the Seaside line north of Dunedin.
<b>Associated companies of Dunedin City Holdings Limited</b>		
1. Dunedin International Airport Limited	50%	Provision of airport services at Momona.

This statement should be read in conjunction with Note 20 and 21 on investments.

# Notes to the financial statements | He whakamārama mō te pūroko tahua

## Dunedin City Council

## Notes to the financial statements for the year ended 30 June 2019

### 1 Statement of accounting policies

#### REPORTING ENTITY

Dunedin City Council (the Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The financial statements presented are for the reporting entity Dunedin City Council (the Council) and the consolidated financial statements of the Group comprising Dunedin City Council and its subsidiary and associate companies; Dunedin City Holdings Limited and its subsidiary and associate companies.

The registered address of the Council is 50 The Octagon, Dunedin.

The Council and Group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself and the group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council and group are for the year ended 30 June 2019. The financial statements were authorised for issue by the Council on 8th October 2019.

#### BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain property, plant and equipment, investment properties, biological assets, derivative financial instruments, financial instruments classified as available for sale and financial instruments held for trading.

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

#### Statement of compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Standards.

#### Presentation currency and rounding

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Council and Group operates. All values are rounded to the nearest thousand dollars (\$000), other than the remuneration and severance payment disclosures (note 12). The remuneration and severance payments are rounded to the nearest dollar.

#### Standards issued and not yet effective that have been early adopted

##### Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with earlier adoption permitted.

The Council early adopted this standard to ensure consistency of treatment with its non-PBE subsidiaries when they adopted IFRS 9 Financial Instruments. This new standard had minimal impact on Group reporting.

Under PBE IFRS 9 Financial Instruments, all financial assets and liabilities are measured at amortised cost, fair value through profit or loss, or fair value through OCI on the basis of the Group's business model for managing the financial instrument and contractual cash flow characteristics of the financial instrument.

Financial instruments include cash, trade and other receivables, Waipori investments, trade and other payables, and term borrowings. For each of these specific categories it has been assessed that there has been no change in category and no change in the measurement of the carrying value.

### Other changes in accounting policies

There has been one change in accounting policy as discussed below.

### Standards issued and not yet effective, and not early adopted

The following standards and amendments, issued but not yet effective and not early adopted, are relevant to the Council. In all instances, the Council and group have not yet assessed the effects of the new standard.

#### *Interests in other entities*

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8) and are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The new standards amend the definition of control, introduce a new classification of joint arrangements, and require additional disclosures on interests in other entities.

The Council plans to apply this standard in preparing its 30 June 2020 financial statements.

#### *Impairment of revalued assets (amendments to PBE IPSASs 21 and 26)*

In April 2017, the XRB issued Impairment of Revalued Assets, which clearly scopes revalued property, plant and equipment into the impairment accounting standards. Previously, only property, plant and equipment measured at cost were scoped into the impairment accounting standards.

Under the amendment, a revalued asset can be impaired without having to revalue the entire class-of-asset to which the asset belongs. This amendment is effective for the 30 June 2020 financial statements, with early adoption permitted.

The Council plans to apply this standard in preparing its 30 June 2020 financial statements.

#### *Service Performance Reporting*

In November 2017, the XRB issued PBE FRS 48 Service Performance Reporting. There has been no PBE Standard dealing solely with service performance reporting. This standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information. PBE FRS 48 is effective for annual periods beginning on or after 1 January 2021, with early adoption permitted.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

#### *Basis of consolidation*

The consolidated statements incorporate the financial statements of the Council and entities controlled by the Council (its subsidiaries). Control is achieved where the Council has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the surplus or deficit in the period of acquisition. Any non-controlling interest is stated at the non-controlling interests proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group, with the exception of the valuation of Dunedin Stadium Property's fixed assets and the related depreciation expense.

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues, and expenses are eliminated on consolidation except rates charged by the Council to Group entities (note 2).

#### *Foreign currency transactions*

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements the results and financial position of each entity are expressed in New Zealand dollars, which is the functional currency of the Council and Group.

Transactions in currencies other than New Zealand dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. The group does not hold non-monetary assets and liabilities denominated in foreign currencies.

In order to hedge its exposure to certain foreign exchange risks, the group may enter into forward contracts and options (see below for details of the group's accounting policies in respect of such derivative financial instruments).

#### Goods and services tax

Items in the financial statements are stated exclusive of GST, except for receivables and payables which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

#### Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year include:

- landfill provision (note 25);
- valuation of forestry assets (note 29);
- valuation of property, plant and equipment (note 26);
- valuation of derivative financial instruments (note 32);
- carrying value of the deferred tax liability (note 13).

#### Change in accounting policy

In prior years City Forests Limited used 'cost' as a basis for allocating 'decreases due to harvest'. As at 30 June 2019, City Forests Limited has adopted 'fair value' as the basis for decreases due to harvest in line with NZ IAS 41 Agriculture. As a result, the Company has restated the fair value allocation of decreases due to harvest for the 2018 financial statements. The results of this is shown below in the revised statement of financial performance (and related notes), and the forestry assets reconciliation (note 29). There is no net change in the Statement of Financial Position due to this restatement.

	Group 2018 Reported Position \$000	Fair Value Adjustment Group \$000	Group Restated Position \$000
Total operating revenue (including fair value of forestry asset)	520,038	6,087	526,125
Total operating expenses	497,164	6,087	503,251
Operating surplus (deficit) from continuing operations	22,874	-	22,874
Share of associate surplus (deficit)	1,638	-	1,638
Surplus (deficit) before taxation	24,512	-	24,512
Less taxation	7,711	-	7,711
Surplus (deficit) after taxation	16,801	-	16,801
Other comprehensive revenue and expense	117,006	-	117,006
<b>Total comprehensive revenue and expense</b>	<b>133,807</b>	<b>-</b>	<b>133,807</b>
<b>Forestry assets (note 29)</b>			
Balance at the beginning of the year	136,333		136,333
Add costs capitalised in establishing forests during the year	2,353		2,353
Increase in forest from acquisition	2,575		2,575
Revaluation	13,585	6,087	19,672
Less value of logs harvested	(4,674)	(6,087)	(10,761)
<b>Balance at the end of the year</b>	<b>150,172</b>	<b>-</b>	<b>150,172</b>



## 2 Rates revenue

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
General rates	78,643	91,594	78,643	91,594
Community services rate	11,367	11,189	11,367	11,189
Kerbside recycling rate	2,845	2,821	2,845	2,821
Citywide water rate	20,206	20,189	20,206	20,189
Citywide drainage rate	35,203	32,312	35,203	32,312
Allanton drainage rate	19	20	19	20
Blanket Bay drainage rate	1	4	1	4
Curles Point drainage rate	1	3	1	3
Private street lighting rate	29	29	29	29
Tourism/economic development rate	500	500	500	500
Warm Dunedin rate	498	467	498	467
Other sources contributing to general rates funding	-	(20,822)	-	(20,822)
	<b>149,312</b>	<b>138,306</b>	<b>149,312</b>	<b>138,306</b>

The total amount of rates charged on Council owned properties that have not been eliminated from revenue and expenditure is \$10.04m (2018: \$9.26m). For the Group, rates of \$10.99m have not been eliminated (2018: \$10.13m).

### Rating base information

	2019	2018	2017
The number of rating units	55,705	55,405	55,238
The total capital value of the rating units	\$25.376 billion	\$25.095 billion	\$22.033 billion
The total land value of the rating units	\$10.102 billion	\$10.068 billion	\$8.403 billion

All rates revenue is shown gross of rates remissions. Under the Council's Rate Remission Policies, which provide for rates to be remitted in cases of Extreme Financial Hardship, during the year the Council allowed remissions totalling \$Nil (2018: Nil).

### Relevant significant accounting policies

Rates are set annually by resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Revenue from water rates by meter is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Revenue from rates penalties is recognised when the penalty is imposed.

Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

## 3 Development and financial contributions

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Development and financial contributions	1,358	1,426	1,358	1,426
	<b>1,358</b>	<b>1,426</b>	<b>1,358</b>	<b>1,426</b>

### Relevant significant accounting policies

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the services for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

## 4 Subsidies and grants

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
New Zealand Transport Agency roading subsidies	40,038	30,574	40,038	30,574
Government and government agency grants	2,385	1,333	2,385	1,333
Other grants	3,096	195	3,096	195
	<b>45,519</b>	<b>32,102</b>	<b>45,519</b>	<b>32,102</b>

### Relevant significant accounting policies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received are recognised as revenue when they become receivable unless there is an obligation in substance to return funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

## 5 Financial revenue

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Profit on sale of investments	208	348	208	348
Gain on fair value of investments	6,082	3,593	6,082	3,593
Gain on foreign currency transactions	-	-	-	559
Dividend received - Dunedin City Holdings Limited	-	-	-	-
Other dividends received	1,516	1,424	1,516	1,425
Interest received - Dunedin City Holdings Limited	5,902	5,902	-	-
Other interest received	1,972	1,913	3,151	3,148
	<b>15,680</b>	<b>13,180</b>	<b>10,957</b>	<b>9,073</b>

### Relevant significant accounting policies

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

## 6 Other revenue

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Rental from investment properties	8,119	7,868	8,119	7,868
Regulatory services rendered	3,965	3,271	3,965	3,271
Gain on fair value of investment property	1,791	420	1,791	420
Forest revaluation	-	-	20,333	19,672
Vested assets	4,634	8,128	4,634	8,128
Profit on sale of property, plant and equipment	35	89	44	571
Other fees and charges	55,996	53,671	311,433	305,288
	<b>74,540</b>	<b>73,447</b>	<b>350,319</b>	<b>345,218</b>

### Relevant significant accounting policies

Revenue is measured at fair value. The specific policies for significant revenue items included in other revenue are explained below:

#### *Rental from investment properties*

Lease rentals (net of any incentives given) are recognised on a straight line basis over the term of the lease.

#### *Regulatory services rendered*

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

#### *Vested assets*

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

#### *Gain on fair value of investment property*

Investment properties are held primarily to earn lease revenue and/or for capital growth. All investment properties are measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised in the surplus or deficit for the period in which the gain or loss arises. Investment properties are not depreciated.

#### *Other fees and charges*

Entrance fees are charged to users of the Council's local facilities, such as pools, museum exhibitions and Dunedin Chinese Garden. Revenue from entrance fees is recognised upon entry to such facilities.

Fees for disposing of waste at the Council's landfill are recognised as waste is disposed by users.

Infringement fees and fines which mostly relate to traffic and parking infringements, and library overdue book fines, are recognised when the infringement notice is issued or when the fines/penalties are otherwise imposed.

Rental income from operating leases, such as social housing, is recognised on a straight line basis over the term of the relevant lease.

Revenue from the sale of goods is recognised when significant risks and rewards of owning the goods are transferred to the buyer, when the revenue can be measured reliably and when management effectively ceases involvement or control.

Revenue from other services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

## 7 Other expenses

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
General grants	4,936	4,595	4,842	4,493
Otago Museum levy	4,105	3,920	4,105	3,920
Directors' remuneration	-	-	1,242	1,214
Research and development	-	-	214	205
Bad debts written off	16	140	104	294
Increase (decrease) in after-care provision	1,773	1,162	1,773	1,162
Increase (decrease) in doubtful debt provision	436	111	753	227
Loss on disposal of property, plant and equipment	15	-	15	-
Impairment of intangible assets	-	-	18	10
Elected members' remuneration and expenses	1,567	1,835	1,567	1,835
Rental expense operating leases	65	52	4,434	3,880
Investment property operating expenses	3,007	3,051	3,007	3,051
Inventories expensed	132	46	132	46
Other expenditure	107,030	108,318	250,062	244,935
	<b>123,082</b>	<b>123,230</b>	<b>272,268</b>	<b>265,272</b>

### Relevant significant accounting policies

#### General grants

Non-discretionary grants are grants that awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

#### Operating lease expenses

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

#### Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee whether or not title is eventually transferred.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

#### Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

#### Impairment losses

At each balance sheet date, the carrying amounts of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the assets belongs is estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of any previous revaluation increase for that asset (or cash-generating unit) that remains in the revaluation reserve. Any additional impairment is immediately recognised as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is immediately recognised as revenue.

## 8 Audit fees

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Fees paid to Audit New Zealand for:				
Financial statements	176	174	483	449
Long-term plan audit	-	117	-	117
Regulatory (information disclosure) reporting	-	-	35	20
Price and quality thresholds and other regulatory reporting	-	-	25	15
	176	291	543	601

## 9 Financial expenses

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Overdraft interest	3	4	3	4
Loss on sale of investments	540	272	540	272
Loss on sale of foreign currency transactions	-	-	799	-
Fair value loss on investments	200	90	200	90
Interest paid to subsidiaries	10,321	11,896	-	-
Term interest	-	-	26,691	28,608
	<b>11,064</b>	<b>12,262</b>	<b>28,233</b>	<b>28,974</b>

### Relevant significant accounting policies

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the financial year in which they are incurred.

## 10 Depreciation and amortisation

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
- Operational	13,668	13,047	42,880	41,121
- Infrastructural	50,592	47,903	50,592	47,903
- Restricted and heritage	3,497	3,338	3,497	3,338
As per note 26 Property, plant and equipment	67,757	64,288	96,969	92,362
- Intangible	840	747	1,423	1,300
	<b>68,597</b>	<b>65,035</b>	<b>98,392</b>	<b>93,662</b>

### Depreciation and amortisation expense by group of activity

	CORE COUNCIL	
	Actual 2019 \$000	Actual 2018 \$000
Roading and footpaths	20,792	19,929
Water supply	13,226	11,767
Sewerage and sewage	11,878	11,536
Stormwater	4,440	4,290
Reserves and recreational facilities	4,197	4,074
Property	9,578	9,157
Libraries and museums	2,026	1,926
Regulatory services	449	474
Waste management	488	591
Community and planning	1	1
Economic development	61	80
Governance and support services	1,461	1,210
	<b>68,597</b>	<b>65,035</b>

## 11 Total group expenditure

	CORE COUNCIL		
	Actual 2019 \$000	Budget 2019 \$000	Actual 2018 \$000
Roading and footpaths	44,736	42,521	48,356
Water supply	29,518	27,717	28,630
Sewerage and sewage	32,048	29,933	29,870
Stormwater	8,302	7,422	7,397
Reserves and recreational facilities	37,582	36,763	35,547
Property	33,855	32,868	34,412
Libraries and museums	28,147	26,951	26,500
Regulatory services	15,968	15,734	15,131
Waste management	16,174	14,058	14,317
Community and planning	13,268	12,356	12,344
Economic development	6,182	6,367	5,995
Governance and support services	35,169	35,764	33,915
Total expenditure per activity	300,949	288,454	292,414
Less: Internal expenditure	(35,677)	(34,444)	(34,167)
<b>Total expenditure per financial statements</b>	<b>265,272</b>	<b>254,010</b>	<b>258,247</b>

## 12 Remuneration and staffing

### Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity. This includes Councillors and senior management.

	CORE COUNCIL	
	Actual 2019 \$000	Actual 2018 \$000
<b>Mayor and Councillors</b>		
Remuneration	1,086	1,222
<b>Executive Leadership Team</b>		
Remuneration	1,947	1,974
<b>Total key management personnel remuneration</b>	<b>3,033</b>	<b>3,196</b>

Key management personnel comprises: 15 full-time equivalent elected members and 7 full-time equivalent executive leaders (2019 and 2018).

### Remuneration paid to elected members

This information is required under Schedule 10, Part 3, Clause 32 of the Local Government Act 2002. Differences in remuneration between elected members is the result of different responsibilities assigned to elected members.

**Mayor and Councillors**

		<b>Council Remuneration</b>	<b>Role</b>
Cull D C	1	157,634	Mayor
Benson-Pope D H	2,3,4	75,620	
Elder R A		59,412	
Garey C P	2	61,112	
Hall D W		59,412	
Hawkins A G	2	78,951	
Laufiso M E		59,412	
Lord M L	2,4,5	75,683	
Newell D J		59,412	
O'Malley J P	2,5	61,292	
Staynes C J		77,236	Deputy Mayor
Stedman C L		59,412	
Vandervis L	4	59,667	
Whiley A P	2	66,384	
Wilson K M H	2,5	75,410	
		<b>1,086,049</b>	

1. Mayoral car full private use.
2. Includes Consent Hearing fees
3. Includes Second Generation Plan Hearing fees
4. Includes District Licencing fees
5. Includes mileage allowance

**Employee compensation - Core Council****Severance payments**

There were 3 severance payments made during the year; \$39,513; \$25,912; \$20,000. (2018 - \$25,000; \$20,000; \$15,720, \$3,537.)

**Chief Executive remuneration**

Sue Bidrose; 1 July 2018 to 30 June 2019 \$453,477 which includes \$35,513 unused annual leave cashed up at the completion of 5-year fixed term contract.

Sue Bidrose; 1 July 2017 to 30 June 2018 \$377,742.

**Employee staffing levels and remuneration**

Schedule 10 paragraph 32A of the Local Government Act 2002 requires the following information to be disclosed in the Annual Financial Statements. The approach and interpretation of these disclosures follow the recommendations of the Society of Local Government Managers, who have consulted widely through-out the industry.

The number of full-time employees who were employed as at 30 June 2019 596.90 (2018: 557.76)

The number of full-time equivalent other employees as at 30 June 2019 150.11 (2018: 149.87)

(The Council definition of 'full-time equivalent other employees' is derived from the full time ordinary hours of work specified for each position, being either 75 or 80 hours per fortnight and calculated on a prorate basis where part-time hours apply.)

The number of employees as at 30 June 2019 receiving;

*Less than \$60,000	528
\$60,000 to \$79,999	188
\$80,000 to \$99,999	159
\$100,000 to \$119,999	50
\$120,000 to \$139,999	19
\$140,000 to \$159,999	15
\$160,000 to \$199,999	9
\$200,000 to \$459,999	6



The number of employees as at 30 June 2018 receiving:

*Less than \$60,000	530
\$60,000 to \$79,999	187
\$80,000 to \$99,999	141
\$100,000 to \$119,999	35
\$120,000 to \$139,999	18
\$140,000 to \$159,999	10
\$160,000 to \$199,999	8
\$200,000 to \$379,999	4

\* Remuneration is the package of each staff member employed at 30 June and includes the salary plus annualised benefits such as superannuation, car parks and any market allowance.

\* The application of salary bands is determined by legislation and 5 or less in a band is prohibited as is an aggregation into a lower band. It is for this reason the top two bands in 2019 and 2018 exceed a \$20,000 movement. The more than 5 criterion does not apply to the top band.

### 13 Taxation

The Dunedin City Council is liable for tax on any income derived from an assessable source, such as a Council owned subsidiary.

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Surplus (deficit) before taxation	21,137	214	29,676	22,874
(Gain) loss on fair value of investment property	(1,791)	(420)	(1,791)	(420)
Vested assets	(4,634)	(8,128)	(4,634)	(8,128)
Net non-taxable other income/non-deductible expenditure	(18,149)	5,332	(6,484)	11,518
<b>Income subject to taxation</b>	<b>(3,437)</b>	<b>(3,002)</b>	<b>16,767</b>	<b>25,844</b>
Prima facie taxation at 28%	(962)	(841)	4,695	7,236
Plus other adjustments	-	-	440	494
Imputation credits	-	-	-	-
Less tax effect of subvention payments	-	-	(4)	384
Under (over) provisions prior years	(334)	(208)	(234)	(403)
<b>Taxation charge</b>	<b>(1,296)</b>	<b>(1,049)</b>	<b>4,897</b>	<b>7,711</b>

As from 1 July, 2009 the Council joined a consolidated group for income tax purposes. The consolidated group is comprised of Council Controlled Organisations, including Dunedin City Holdings Limited, and a number of its subsidiaries. The members of the consolidated group are treated as a single entity for income tax purposes and file a single return of income for the tax year with each member of the group jointly and severally liable for the income tax liability. The Council has applied to Inland Revenue to be excluded from being joint and severally liable for income tax liabilities of the consolidated group for the 2019 income year.

Tax losses in the Council are automatically offset against the tax profits of other entities in the consolidated group. The amount shown by the Council for current tax receivable relates to the tax effect of those losses.

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
The taxation charge is represented by:				
- Current taxation	(962)	(841)	(255)	1,103
- Deferred taxation	-	-	5,390	7,011
- Under (over) tax provision in prior years	(334)	(208)	(279)	(138)
- Under (over) deferred tax in prior years	-	-	41	(265)
	<b>(1,296)</b>	<b>(1,049)</b>	<b>4,897</b>	<b>7,711</b>

## Deferred taxation

	Group 2019 \$000	Group 2019 \$000	Group 2019 \$000	Group 2019 \$000	Group 2019 \$000	Group 2019 \$000
	Opening Balance Sheet	Charged to Equity	Charged to Income	Closing Balance Sheet Assets	Closing Balance Sheet Liabilities	Closing Balance Sheet Net
Property, plant and equipment	59,872	-	3,268	(276)	63,416	63,140
Employee benefits	3,944	-	(290)	(2,135)	5,789	3,654
Forest	28,200	-	3,700	-	31,900	31,900
Forest capitalised costs	9,794	-	35	-	9,829	9,829
Other investments	7,388	796	(748)	(49)	7,391	7,342
Revaluations of foreign exchange contracts	(223)	138	-	(85)	-	(85)
Revaluations of interest rate swaps	(1,028)	(59)	-	(1,087)	-	(1,087)
<b>Balance at the end of the year</b>	<b>107,947</b>	<b>875</b>	<b>5,965</b>	<b>(3,632)</b>	<b>118,325</b>	<b>114,693</b>

	Group 2018 \$000	Group 2018 \$000	Group 2018 \$000	Group 2018 \$000	Group 2018 \$000	Group 2018 \$000
	Opening Balance Sheet	Charged to Equity	Charged to Income	Closing Balance Sheet Assets	Closing Balance Sheet Liabilities	Closing Balance Sheet Net
Property, plant and equipment	57,571	-	2,301	(283)	60,155	59,872
Employee benefits	3,812	-	132	(1,521)	5,465	3,944
Forest	24,396	-	3,804	-	28,200	28,200
Forest capitalised costs	10,178	-	(384)	-	9,794	9,794
Other investments	5,363	1,285	740	(25)	7,413	7,388
Revaluations of foreign exchange contracts	141	(364)	-	(223)	-	(223)
Revaluations of interest rate swaps	(1,166)	138	-	(1,028)	-	(1,028)
<b>Balance at the end of the year</b>	<b>100,295</b>	<b>1,059</b>	<b>6,593</b>	<b>(3,080)</b>	<b>111,027</b>	<b>107,947</b>

## Relevant significant accounting policies

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net surplus as reported in the Statement of Comprehensive Revenue and Expense because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

## 14 Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into components. The components are accumulated funds, revaluation reserves, restricted reserves, cash flow hedge reserves, carbon credit reserve and forest revaluation reserve.

### a) Accumulated funds

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Opening balance</b>	1,668,710	1,680,653	1,812,435	1,812,341
Surplus (deficit)	22,433	1,263	26,573	16,801
Transfers to:				
- Gains (losses) on interest rate swaps and foreign exchange transactions	-	-	-	-
- Forestry reserves	-	-	(9,512)	(9,783)
- Carbon credit reserve	-	-	4,763	6,282
- Restricted reserves	(1,615)	(261)	(1,615)	(261)
Transfers from:				
- Restricted reserves	1,132	44	1,132	44
- Revaluation reserves (road reserve writeback)	-	(12,989)	-	(12,989)
<b>Closing balance</b>	<b>1,690,660</b>	<b>1,668,710</b>	<b>1,833,776</b>	<b>1,812,435</b>

### Capital management strategy

The Council manages its capital to ensure that all entities under its control will be able to continue as going concerns. Capital includes Accumulated Funds, Revaluation Reserves, Restricted Reserves, Cash Flow Hedge Reserves, Forestry Revaluation Reserves and Carbon Credit Reserves. It is the nature of a Local Authority Statement of Financial Position to have the capital structure de-emphasised as a significant measure owing to the fact the local authorities rarely seek an economic return from infrastructure assets. The value of the long-term fixed assets in relation to the public debt is not as significant as the impact of the interest component on the potential rate charge. The measure contained in the Borrowing and Investment Policy provide an indication of the meeting or otherwise of the objectives.

### b) Revaluation reserves

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Opening balance</b>	1,380,917	1,253,074	1,397,745	1,269,725
Gain (loss) recognised on assets of associates	-	-	(116)	177
Road reserve writeback	-	12,989	-	12,989
Property, plant and equipment revaluations	42,280	114,854	42,280	114,854
<b>Closing balance</b>	<b>1,423,197</b>	<b>1,380,917</b>	<b>1,439,909</b>	<b>1,397,745</b>

This reserve relates to the revaluation of property, plant and equipment and assets of Associates to fair value.

The road reserve writeback adjustment in 2018 reflects the cumulative revaluations since 1998 related to road reserves, and is the result of the decision to discontinue revaluations of this asset.

## c) Restricted reserves Core Council and Consolidated

Name and brief description of the purpose of the reserve where not indicated in the reserve name.	Opening Balance 2019 \$000	Transfers Inwards 2019 \$000	Transfers Outwards 2019 \$000	Closing Balance 2019 \$000
A. H. Reed Capital Account to extend the Reed library collections	241	6	-	247
R. J. Trust Capital Account to extend library collections	292	7	-	299
G. McKay Housebound Capital Account to extend library collections	10	1	-	11
Clive R. B. Lister Capital Account to maintain the Clive Lister garden	233	5	-	238
A. H. Reed Current Account to extend the Reed library collections	13	-	-	13
R. J. Trust Current Account to extend the library collections	1	-	-	1
E. E. Carpenter Current Account to extend the consumer library collections	45	1	-	46
DCC Recreation Loans Reserve to fund small loans to recreation clubs	247	6	-	253
Self Funded Insurance Reserve	300	7	-	307
Library Dunningham Bequest	13	-	-	13
Air Development Capital Reserve to develop the Taieri aerodrome	360	9	-	369
CARS Bethunes Operations Reserve	17	1	-	18
Dog Control Operations Reserve	12	1	-	13
Roading Property Reserve for property purchases	16	1	-	17
Road Maintenance 7 View St Waitati	9	-	-	9
Trans Net Mosgiel East	123	3	-	126
Library General operations Fund Reserve	91	2	-	93
Sportsground Upgrade Logan Park Reserve of development contributions	(182)	-	4	(186)
Sportsground Upgrade Bathgate Park Reserve of development contributions	20	-	-	20
Sportsground Upgrade Hancock Park Reserve of development contributions	30	1	-	31
Playground Upgrade Reserve of development contributions	8	-	-	8
Mosgiel East Reserve	235	5	-	240
Mere Mere Over View Subsidiary Reserve	70	2	-	72
Aviary Bird Fund Operations Reserve	26	1	-	27
Mediterranean Garden Development Reserve	15	-	-	15
Craigie Burn Operations Reserve	346	8	-	354
Ocean View Sand Sausage Reserve	147	3	-	150
Waikouaiti Forest	397	8	-	405
Walton Park Forest	57	1	-	58
Cemetery Service Fund Maintenance Reserve	2,187	-	-	2,187
Art Gallery Funded Operations Reserve	518	12	138	392
Sale of Reserve Land Reserve	17	-	-	17
Hillary Commission General Subsidies Reserve	32	1	-	33
Bateman Bequest (AG)	512	12	-	524
Harding Bequest Art Gallery Operations Reserve	30	1	-	31
Wastewater Mosgiel East	42	1	-	43
Waste Minimisation Reserve	532	1,439	990	981
EPH Renewal Fund Reserve	2,004	46	-	2,050
Endowment Property Investment Reserve	1,045	24	-	1,069
<b>Totals</b>	<b>10,111</b>	<b>1,615</b>	<b>1,132</b>	<b>10,594</b>

## Last Year

Name and brief description of the purpose of the reserve where not indicated in the reserve name.

	Opening Balance 2018 \$000	Transfers Inwards 2018 \$000	Transfers Outwards 2018 \$000	Closing Balance 2018 \$000
A. H. Reed Capital Account to extend the Reed library collections	236	5	-	241
R. J. Trust Capital Account to extend library collections	285	7	-	292
G. McKay Housebound Capital Account to extend library collections	10	-	-	10
Clive R. B. Lister Capital Account to maintain the Clive Lister garden	228	5	-	233
A. H. Reed Current Account to extend the Reed library collections	13	-	-	13
R. J. Trust Current Account to extend the library collections	1	-	-	1
E. E. Carpenter Current Account to extend the consumer library collections	44	1	-	45
DCC Recreation Loans Reserve to fund small loans to recreation clubs	241	6	-	247
Self Funded Insurance Reserve	293	7	-	300
Library Dunningham Bequest	13	-	-	13
Air Development Capital Reserve to develop the Taieri aerodrome	352	8	-	360
CARS Bethunes Operations Reserve	17	-	-	17
Dog Control Operations Reserve	12	-	-	12
Roading Property Reserve for property purchases	16	-	-	16
Road Maintenance 7 View St Waitati	9	-	-	9
Trans Net Mosgiel East	120	3	-	123
Library General operations Fund Reserve	89	2	-	91
Sportsground Upgrade Logan Park Reserve of development contributions	(247)	65	-	(182)
Sportsground Upgrade Bathgate Park Reserve of development contributions	18	2	-	20
Sportsground Upgrade Hancock Park Reserve of development contributions	27	3	-	30
Playground Upgrade Reserve of development contributions	1	7	-	8
Mosgiel East Reserve	230	5	-	235
Mere Mere Over View Subsidiary Reserve	68	2	-	70
Aviary Bird Fund Operations Reserve	25	1	-	26
Mediterranean Garden Development Reserve	15	-	-	15
Craigie Burn Operations Reserve	338	8	-	346
Ocean View Sand Sausage Reserve	144	3	-	147
Waikouaiti Forest	387	10	-	397
Walton Park Forest	56	1	-	57
Cemetery Service Fund Maintenance Reserve	2,187	-	-	2,187
Art Gallery Funded Operations Reserve	549	13	44	518
Sale of Reserve Land Reserve	17	-	-	17
Hillary Commission General Subsidies Reserve	31	1	-	32
Bateman Bequest (AG)	500	12	-	512
Harding Bequest Art Gallery Operations Reserve	29	1	-	30
Wastewater Mosgiel East	40	2	-	42
Waste Minimisation Reserve	520	12	-	532
EPH Renewal Fund Reserve	1,959	45	-	2,004
Endowment Property Investment Reserve	1,021	24	-	1,045
<b>Totals</b>	<b>9,894</b>	<b>261</b>	<b>44</b>	<b>10,111</b>

### Relevant significant accounting policies

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

#### d) Cash flow hedge reserves

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Opening balance	(6,798)	(10,183)	(17,484)	(13,309)
Gains (losses) on interest rate swaps and foreign exchange transactions	2,533	3,385	(22,858)	(4,175)
Closing balance	(4,265)	(6,798)	(40,342)	(17,484)

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to interest payments and foreign exchange transactions that have not yet occurred.

#### e) Carbon credit reserves

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
Opening balance	8,411	10,819
Transfer from retained earning	(4,704)	(6,282)
Gain in carbon credits above initial recognition value	1,990	3,874
Closing balance	5,697	8,411

#### f) Forestry reserves

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
Opening balance	65,917	53,858
Net revaluation of forest	9,513	9,782
Net revaluation of forest land	4,735	2,277
Closing balance	80,165	65,917

## 15 Cash and cash equivalents

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Cash in bank and on hand	11,905	5,490	29,348	7,533
	11,905	5,490	29,348	7,533

### Relevant significant accounting policies

Cash and cash equivalents comprise of cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## 16 Trade and other receivables and term receivables

### Trade and other receivables

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Trade debtors	16,432	16,997	37,641	34,296
Rate accounts issued and owing	3,082	3,016	3,082	3,016
Other debtor accounts issued and owing	1,488	1,073	9,621	11,749
Less: provision for uncollectability	(2,764)	(2,328)	(3,669)	(2,924)
	<b>18,238</b>	<b>18,758</b>	<b>46,675</b>	<b>46,137</b>

#### Provision for uncollectability of receivables movements

Opening balance provision for uncollectability	(2,328)	(2,218)	(2,924)	(2,621)
Additional provisions made during the year	(1,113)	(764)	(1,556)	(1,142)
Provisions reversed during the year	661	514	707	545
Receivables written-off during the year	16	140	104	294
Closing balance provision for uncollectability	<b>(2,764)</b>	<b>(2,328)</b>	<b>(3,669)</b>	<b>(2,924)</b>

#### Provision for uncollectability of receivables analysis

Impaired credit loss	(2,090)	(1,904)	(2,090)	(1,904)
Expected credit loss	(674)	(424)	(1,579)	(1,020)
	<b>(2,764)</b>	<b>(2,328)</b>	<b>(3,669)</b>	<b>(2,924)</b>

### Term receivables

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Term receivables	-	-	11,041	11,968
	<b>-</b>	<b>-</b>	<b>11,041</b>	<b>11,968</b>

The term receivable arose from Delta Utility Services Limited's supply of infrastructure services on a Christchurch development property and it is secured by a second mortgage over that development property. Interest is payable on this balance and loan repayments commenced in February 2019.

#### Relevant significant accounting policies

Trade and other receivables are stated at cost less any allowances for estimated irrecoverable amounts.

The carrying amount of trade and other receivables approximates their fair value.

Normally no interest is charged on the accounts receivable although in specific instances interest may be charged.

All past due balances are considered collectable (except those specific debtors identified as requiring an impaired credit loss), however, in line with NZ PBE IFRS 9 the Group applies a simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure credit losses, trade receivables are grouped based on similar credit risk and aging. The expected loss rates factor in the credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for where necessary based on current and forward-looking macroeconomic factors affecting customers.

The Dunedin City Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.



## 17 Inventories

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Raw materials in store (at cost)	288	259	6,733	7,248
Work in progress (at cost)	-	-	4,393	4,370
Finished goods (at cost)	-	-	55	-
	<b>288</b>	<b>259</b>	<b>11,181</b>	<b>11,618</b>

The Council inventories are not pledged as security for liabilities (2018: \$nil).

### Relevant significant accounting policies

Inventories are stated at the lower of cost and net realisable value. Log inventories are initially valued at fair value less estimated point of sale costs. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## 18 Non-current assets held for sale

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Land and buildings	1,287	900	1,287	900
Other assets	-	-	-	-
	<b>1,287</b>	<b>900</b>	<b>1,287</b>	<b>900</b>

### Relevant significant accounting policies

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

## 19 Other financial assets

### Other current financial assets

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Waipori Fund interest bearing securities	7,723	8,174	7,723	8,174
Self-insurance deposit	-	250	-	250
Other financial assets	-	-	1,389	2,048
	<b>7,723</b>	<b>8,424</b>	<b>9,112</b>	<b>10,472</b>

Other current financial assets are classified as fair value through Statement of Comprehensive Revenue and Expense. Fair value is determined by reference to the appropriate market. These investments are of short-term duration being between an on call position and twelve months. The effective interest rate is between 2.3% and 8.3%.

## Other non-current financial assets

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Waipori Fund interest bearing securities	35,848	37,035	35,848	37,035
Waipori Fund equity investments	44,144	41,009	44,144	41,009
Other shares	485	485	495	494
Advances to subsidiaries	112,000	112,000	-	-
Other loans, advances	-	143	-	143
	<b>192,477</b>	<b>190,672</b>	<b>80,487</b>	<b>78,681</b>

Advances to subsidiaries and other loans, advances and community loans are measured at amortised cost. With the exception of shares in subsidiaries, all other non-current financial assets are classified as fair value through Statement of Comprehensive Revenue and Expense and are measured at fair value with any changes in value going to the Statement of Comprehensive Revenue and Expense. These investments are of greater duration than twelve months.

The advance from the Dunedin City Council to the group is subordinated and unsecured. The terms of the advance agreement between the Dunedin City Council and the group are such that there is no obligation on Dunedin City Holdings Limited to transfer economic benefit at any specific time. In 2019, the interest rate on the advance was 5.27% (2018 5.27%).

## Relevant significant accounting policies

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments in debt and equity securities are financial instruments classified as held for trading and are measured at fair value in the surplus or deficit at balance date. Any resultant gains or losses are recognised in the surplus or deficit for the period.

Loans and advances are financial instruments that are measured at amortised cost using the effective interest method. This type of financial instrument includes deposits, term deposits, inter company loans, community loans and mortgages.

## 20 Shares in subsidiary companies

	CORE COUNCIL	
	2019	2018
Shares Dunedin City Holdings Limited	123,589	121,039

On incorporation, Dunedin City Holdings Limited issued 100,000,000 ordinary shares in favour of the Dunedin City Council. Only \$100,000 was called. During the year ended 30 June 2019 a further 2,550,000 ordinary shares were issued and called.

Since incorporation Dunedin City Holdings Ltd has issued additional shares of \$1 each in favour of the Dunedin City Council. The shares carry equal voting rights and 849,900,000 are uncalled. The amounts and dates of issue are:

- Incorporation	100,000,000
- May 1996	75,000,000
- March 1999	100,000,000
- June 2002	75,000,000
- September 2008	250,000,000
- April 2011	250,000,000
- June 2016	115,839,000
- June 2017	2,550,000
- June 2018	2,550,000
- June 2019	2,550,000
<b>Total number of shares</b>	<b>973,489,000</b>
- Incorporation call	(100,000)
- June 2016 call	(115,839,000)
- June 2017 call	(2,550,000)
- June 2018 call	(2,550,000)
- June 2019 call	(2,550,000)
<b>Total number of uncalled shares</b>	<b>849,900,000</b>

## 21 Investments accounted for using the equity method

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Interest and advances in associate company	-	-	31,841	30,867
Golden Block Investments Limited (Property)	49%	49%	49%	49%
Dunedin International Airport Limited (Transport)			50%	50%

For the purpose of applying the equity method of accounting, the financial statements of Golden Block Investments Limited and Dunedin International Airport Limited for the year ended 30 June 2019 have been used.

None of the associate companies are listed and therefore there are no published price quotations to establish the fair value of these investments.

The only contingent liabilities arising from the group's involvement in the associate companies is for Golden Block Investments Limited which is detailed in note 34.

### Summarised balance sheet

	Other Associates		Dunedin International Airport Limited	
	As at 30 June		As at 30 June	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Current assets</b>				
Cash and cash equivalents	316	518	473	699
Other current assets	13	80	1,784	1,276
<b>Total current assets</b>	<b>329</b>	<b>598</b>	<b>2,257</b>	<b>1,975</b>
<b>Non-current assets</b>	<b>2,371</b>	<b>2,360</b>	<b>92,377</b>	<b>86,682</b>
<b>Total assets</b>	<b>2,700</b>	<b>2,958</b>	<b>94,634</b>	<b>88,657</b>
<b>Current liabilities</b>	<b>79</b>	<b>199</b>	<b>8,072</b>	<b>3,840</b>
<b>Non-current liabilities</b>				
Financial liabilities	2,600	2,600	8,000	8,000
Other financial liabilities		-	14,834	15,036
<b>Total non-current liabilities</b>	<b>2,600</b>	<b>2,600</b>	<b>22,834</b>	<b>23,036</b>
<b>Total liabilities</b>	<b>2,679</b>	<b>2,799</b>	<b>30,906</b>	<b>26,876</b>
<b>Net assets</b>	<b>21</b>	<b>159</b>	<b>63,728</b>	<b>61,781</b>
Less impairment		-	-	-
Other adjustments	(21)	(159)	(46)	(50)
<b>Net assets after impairment and other adjustments</b>	<b>-</b>	<b>-</b>	<b>63,682</b>	<b>61,731</b>
<b>Carrying value of associates</b>	<b>-</b>	<b>-</b>	<b>31,841</b>	<b>30,867</b>
	49.0%	49.0%	50.0%	50.0%

## Summarised statement of comprehensive income

	Other Associates		Dunedin International Airport Limited	
	As at 30 June		As at 30 June	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
<b>Total revenue</b>	641	650	17,190	16,522
<b>Less expenses</b>				
Other expenses	420	215	8,460	8,335
Interest expense	116	115	472	469
Depreciation and amortisation	1	1	3,075	2,957
<b>Total expenses</b>	<b>537</b>	<b>331</b>	<b>12,007</b>	<b>11,761</b>
Operating surplus (deficit) before tax	104	319	5,183	4,761
Less income tax	27	87	1,596	1,486
Operating surplus (deficit) after tax	77	232	3,587	3,275
Other comprehensive income		-	(232)	355
<b>Total comprehensive income (deficit)</b>	<b>77</b>	<b>232</b>	<b>3,355</b>	<b>3,630</b>
Dividend received from associate	107	-	704	704

## Relevant significant accounting policies

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (ie discount on acquisition) is credited in the surplus or deficit in the period of acquisition.

Where a Group entity transacts with an associate of the Group, surplus or deficit are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

## 22 Short term borrowings

	CORE COUNCIL		CONSOLIDATED	
	Actual	Actual	Actual	Actual
	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Short term borrowings	-	-	620	3,638
	-	-	<b>620</b>	<b>3,638</b>

The Group's short term borrowings are unsecured and are arranged at floating interest rates thus exposing the Group to cash flow interest rate risk.

## 23 Accounts payable, accrued expenditure and employee entitlements

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Trade and other payables</b>				
Trade creditors	5,266	4,943	31,476	30,380
Contract retentions	1,028	807	1,028	807
Accrued expenditure	23,977	21,675	29,021	22,013
Other payables	872	812	3,650	2,607
	<b>31,143</b>	<b>28,237</b>	<b>65,175</b>	<b>55,807</b>
<b>Revenue received in advance</b>				
Rates in advance	941	886	941	886
Other revenue in advance	5,271	2,790	5,271	2,790
	<b>6,212</b>	<b>3,676</b>	<b>6,212</b>	<b>3,676</b>
<b>Employee entitlements</b>				
Accrued leave	4,688	4,436	9,776	9,006
Accrued long service leave	391	431	671	676
Sick leave over and above annual average	147	147	242	204
Accrued pay	1,228	1,105	1,947	1,646
Gratuities provision current	358	218	581	344
	<b>6,812</b>	<b>6,337</b>	<b>13,217</b>	<b>11,876</b>

Aurora Energy Limited breached network reliability standards contained in the Commerce Commission's default price-quality path for Electricity Distribution Businesses in the 2015, 2016, 2017 and 2018 disclosure years. The Company also breached its regulated network reliability target for the 2019 disclosure year. As at 30 June 2019, a \$5 million provision has been made for pecuniary penalties that are likely to arise from these network reliability quality breaches.

### Relevant significant accounting policies

Trade and other payables are stated at cost.

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at current rates of pay.

The Group recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The calculation is based on the value of excess sick leave taken within the previous twelve months.

The current portion of the retirement gratuities provision has been calculated on an actuarial basis and is based on the reasonable likelihood that it will be earned by employees and paid by the Group.

## 24 Term loans

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Total loan balance	218,973	200,473	691,069	610,043
Less current portion	-	-	-	-
<b>Non-current portion</b>	<b>218,973</b>	<b>200,473</b>	<b>691,069</b>	<b>610,043</b>
<b>Non-current portion</b>				
Promissory notes issued	-	-	159,313	119,389
Bonds issued	-	-	531,283	490,181
Related parties	218,500	200,000	-	-
Other loans	473	473	473	473
	<b>218,973</b>	<b>200,473</b>	<b>691,069</b>	<b>610,043</b>

Core Council term loans are secured by rates revenue and are borrowed from Dunedin City Treasury Limited.

The Group has an \$850 million Multi Option Debt Issuance Facility which is secured against certain assets and undertakings of the Dunedin City Council Group. Debt is raised by issuing long dated bonds, floating rate notes or by the issue of Promissory Notes usually issued for three month terms.

Three independent banks have provided committed facilities to the amount of \$170 million (2018: \$125 million).

The amount of unamortised premium or (discount) on bonds on issue at 30 June 2019 is nil (2018: nil).

The tender of promissory notes under the multi-option facility generally raises debt for a term of three months before being re-tendered. In addition to this, the issue of floating rate notes under the multi-option facility also raises floating rate debt. This type of borrowing is executed at the floating rate at the date of drawdown or at the start of the floating rate reset and exposes the Group to cash flow interest rate risk. Interest rate derivatives are taken out to manage that risk. Floating rate debt is also created by converting fixed rate bond issuance from fixed to floating using interest rate swaps. The credit risk from each derivative is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

#### Analysis term loans non-current

		Group 2019 \$'000	Group 2018 \$'000
Interest Rate			
Promissory Notes		159,313	119,389
Bonds 17/7/18	Coupon rate 6.57%	-	50,000
Bonds 17/12/18	Coupon rate 6.85%	-	15,000
Floating rate notes 15/11/19	50bp over BKBM	50,000	50,000
Floating rate notes 16/10/20	43bp over BKBM	45,000	45,000
Bonds 16/11/20	Coupon rate 5.56%	50,000	50,000
Bonds 15/4/21	Coupon rate 3.15%	30,000	30,000
Bonds 25/11/21	Coupon rate 4.88%	70,000	70,000
Floating notes 15/10/22	56bp over BKBM	50,000	50,000
Floating notes 15/02/24	65bp over BKBM	25,000	25,000
Bonds 16/10/24	Coupon rate 3.79%	35,000	35,000
Bonds 17/7/25	Coupon rate 3.61%	50,000	-
Bonds 15/4/26	Coupon rate 3.98%	65,000	65,000
Bonds 15/3/26	Coupon rate 2.90%	50,000	-
Fair value impact on bonds		11,283	5,181
Housing NZ loan		473	473
		<b>691,069</b>	<b>610,043</b>

The fair value of the debt and maturity profile is disclosed in note 32.

#### Contractual maturity analysis of term loans

The following is a maturity analysis of the term loans

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Repayable less than one year	20,000	30,000	209,313	65,000
Repayable between one to five years	40,000	57,515	275,623	414,389
Repayable later than five years	158,973	112,958	206,133	130,654
	<b>218,973</b>	<b>200,473</b>	<b>691,069</b>	<b>610,043</b>

While these are the contractual maturities of the consolidated term loans, the Group expects and has the discretion to refinance term borrowings under the multi-option debt issuance facility. As per the face of the accounts, the Group has therefore determined that all term borrowings are non-current as per the provisions of NZ IAS1.

#### Relevant significant accounting policies

Borrowings are initially recorded net of directly attributable transaction costs and are measured at subsequent reporting dates at amortised cost. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the surplus or deficit using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

## 25 Provisions

### Core Council movement in provisions

	Landfill aftercare 2019 \$000	Accrued long service leave 2019 \$000	Gratuities 2019 \$000	Total 2019 \$000
Opening balance	8,135	460	905	9,500
Provisions released	(431)	-	-	(431)
Provisions current year	516	-	-	516
Adjustment due to change in discount rate	1,688	-	-	1,688
Other net movements	-	49	(130)	(81)
<b>Closing balance</b>	<b>9,908</b>	<b>509</b>	<b>775</b>	<b>11,192</b>

	Landfill aftercare 2018 \$000	Accrued long service leave 2018 \$000	Gratuities 2018 \$000	Total 2018 \$000
Opening balance	6,972	467	892	8,331
Provisions released	(382)	-	-	(382)
Provisions current year	1,224	-	-	1,224
Adjustment due to change in discount rate	321	-	-	321
Other net movements	-	(7)	13	6
<b>Closing balance</b>	<b>8,135</b>	<b>460</b>	<b>905</b>	<b>9,500</b>

### Consolidated movement in provisions

	Landfill aftercare 2019 \$000	Accrued long service leave 2019 \$000	Gratuities 2019 \$000	Total 2019 \$000
Opening balance	8,135	1,038	1,294	10,467
Provisions released	(431)	-	-	(431)
Provisions current year	516	-	-	516
Adjustment due to change in discount rate	1,688	-	-	1,688
Other net movements	-	84	(146)	(62)
<b>Closing balance</b>	<b>9,908</b>	<b>1,122</b>	<b>1,148</b>	<b>12,178</b>

	Landfill aftercare 2018 \$000	Accrued long service leave 2018 \$000	Gratuities 2018 \$000	Total 2018 \$000
Opening balance	6,972	975	1,270	9,217
Provisions released	(382)	-	-	(382)
Provisions current year	1,224	-	-	1,224
Adjustment due to change in discount rate	321	-	-	321
Other net movements	-	63	24	87
<b>Closing balance</b>	<b>8,135</b>	<b>1,038</b>	<b>1,294</b>	<b>10,467</b>



**Landfill aftercare provision**

There are five landfill aftercare provisions dealing with the closed North Taieri landfill, the Green Island landfill and three other provisions dealing with the remaining smaller landfills.

The Council has responsibility to provide ongoing maintenance and monitoring of landfills after the sites are closed.

The Green Island landfill is still operational with the current resource consent scheduled to expire in 2023.

The cash outflow for the closure of this landfill and subsequent maintenance and monitoring has been included in this provision. The current provision includes costs out to 2043.

The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known legal requirements.

The following significant assumptions have been made in calculating the provision:

- the landfill will close when the current resource consent expires;
- an inflation factor of 1.7%
- a discount rate of 2.19% per Treasury Guidelines (2018 3.45%)

**Relevant significant accounting policies**

Entitlements to the non-current portion of accrued long service leave and retirement gratuities are calculated on an actuarial basis and are based on the reasonable likelihood that they will be earned by employees and paid by the Group.

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

**26 Property, plant and equipment**

The Council assesses the fair valuation of core Council land and buildings at the carrying values shown below.

**COUNCIL ASSET VALUATIONS****Operational assets****Land and buildings**

Land and buildings have been valued at fair value by David Paterson and Juliet Abrahams of Quotable Value Limited as at 30 June 2018.

**Infrastructure assets**

As required under section 6 paragraph 3 (c) of the Local Government (Financial Reporting and Prudence) Regulations 2014, the estimated replacement cost of core infrastructure assets is stated as follows: roading assets, \$1,674,398,937; water treatment plant and facilities, \$144,591,078; water other assets, \$791,356,672; sewerage treatment plant and facilities \$180,705,658; sewerage other assets, \$738,511,695; stormwater assets; \$465,568,463.

**Roadways and bridges**

The most recent valuation of infrastructural assets comprising roads, bridges, footpaths, lights, traffic signals and signs was performed by Larissa Curzon of Beca Limited and reviewed by Brian Smith of Brian Smith Advisory Services Limited. The valuation is effective 30 June 2019.

The assets are valued using the depreciated replacement cost method. The key assumptions used are:

- Rates from the 2018 valuation have been used with the Cost Adjustment Factor from the Latest Values for Infrastructures Cost Indexes from the NZ Transport Agency Procurement Manual Tools applied, supported by current contract rates where available. The indexes used were March 2018 to March 2019.
- No asset, except for timber bridges, has a residual value.
- All replacement rates, where appropriate, have an amount for removal and disposal of the existing asset that is being replaced included in the rate.
- Where installation/constructed dates are unknown, assets were valued using a default construction date, which is 50% of the assets total useful life.
- Useful lives are generally based upon NZ Infrastructure Asset Valuation and Depreciation Guidelines – Version 2.0. In specific cases these have been modified where in the opinion of Beca and the Council a different life is appropriate. The changes are justified in the valuation report.
- The component level of the data used for the valuation is sufficient to calculate depreciation separately for those assets that have different useful lives.

### 3 waters and waste management

The most recent valuation of infrastructural assets comprising water reticulation, water plant and facilities, wastewater reticulation, wastewater plant and facilities, stormwater reticulation, stormwater plant and facilities, and landfill plant and facilities was performed by Council staff and independently reviewed by independent consultant Gary Dent of Fluent Infrastructure Solutions Limited. The valuation is effective as at 1 July 2018.

The assets are valued using the depreciated replacement cost method. The key assumptions used are:

- Estimating the replacement cost of the asset. In order to calculate the Gross Replacement Cost of assets, the current Optimised Replacement Costs and Residual Values for assets valued in previous years have been updated using price movement indices published by Statistics New Zealand. Various asset groups require different adjustments to account for the annual capital goods price level changes. To account for price level changes, Dunedin specific Capital Goods Price Indices are applied to the three major asset types namely reticulation assets, fixed plant assets, and building and civil assets. Council pays Statistics NZ to produce a "Capital Goods Price Index" (Index PPI.SPZDCC) for the construction of urban drainage and sewerage work in the Dunedin area. This along with the national Pipelines CGPI (S2CB), Plant and Machinery CGPI (S2GF), Buildings and Structures – CGPI (S2BI) is used by Fluent to establish Dunedin's replacement cost of assets.
- The useful lived and ages are satisfactorily justified in the Valuation Report. The data is based on the condition assessment programme and methodology developed by DCC in conjunction with Opus (now WSP Opus) and subsequent condition assessments revealing cohorts to have a range of expected lives rather than applying a blanket life to all pipes based on material only. This is also reflected in the Asset Management system and Asset Management Plans.

#### Restricted assets

##### *Land and buildings*

Land has been valued at fair value by David Paterson and Juliet Abrahams of Quotable Value Limited as at 30 June 2018.

Buildings and structures have been valued at depreciated replacement cost by Vaibhav Gandhi and Lionel Musson of Beca Projects NZ Limited as at 30 June 2018.

##### *Hard surfaces and reticulation systems*

Hard surfaces have been valued by Council staff at depreciated replacement cost and peer reviewed by independent consultant Pauline True of Stantec as at 30 June 2017.

Roading infrastructure assets have been valued at depreciated replacement cost by Pauline True and Mathew Anderson of Stantec as at 30 June 2017 and reviewed by Brian Smith of Brian Smith Advisory Services Limited.

Underground services assets have been valued by Council staff at depreciated replacement cost as at 1 July 2017 and peer reviewed by independent consultant Gary Dent of Fluent Infrastructure Solutions Ltd.

##### *Playground and soft-fall areas*

Playground and soft-fall areas have been valued by Alistair McGaughan of MWH NZ Limited as at 30 June 2016.

#### Heritage assets

Heritage assets include; the Art Gallery Collection at the Dunedin Public Art Gallery, the Theomin Collection at Olveston, the Collection at Toitū Otago Settlers Museum, the Rare Book Collection at the Dunedin Public Library and the monuments, statues and outdoor art.

The Art Gallery Collection has been valued by the Council Collection Manager as a "heritage collection" at estimated current values as at 30 June 1993. The value represents its deemed cost.

The Theomin Collection has been valued as a heritage collection by staff employed by the Theomin Gallery Management Committee. The collection was valued at estimated current values as at 30 June 1993. The value represents its deemed cost.

The Toitū Otago Settlers Museum Collection has been valued at its estimated insurance value in 2002. The value represents the deemed cost.

The Rare Book Collection has been valued at market value by independent valuer Stuart Strachan and library staff member Anthony Tedeschi, as at 30 June 2011. The value represents its deemed cost.

Monuments, statues and outdoor art have been valued at depreciated replacement value by Vaibhav Gandhi and Lionel Musson of Beca Projects NZ Limited as at 30 June 2018.

The heritage land and buildings of the Railway Station and the Olveston historic house have been valued at fair value by David Paterson and Juliet Abrahams of Quotable Value Limited as at 30 June 2018.

## Current year

	Balance as at 1 July 2018	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operational assets</b>									
<b>Gross carrying amount</b>									
Land	101,104	6,513	-	-	(300)	-	-	-	107,317
Buildings and structures	215,426	3,991	-	-	-	-	-	-	219,417
Fixed plant and equipment	16,055	1,246	-	(24)	-	-	-	-	17,277
Vehicle, mobile plant	4,068	429	-	(203)	-	-	-	-	4,294
Office equipment	29,343	958	-	(3)	-	-	-	-	30,298
Library collection	10,325	904	-	-	-	-	-	-	11,229
<b>Total</b>	<b>376,321</b>	<b>14,041</b>	<b>-</b>	<b>(230)</b>	<b>(300)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389,832</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land	-	-	-	-	-	-	-	-	-
Buildings and structures	-	-	-	-	-	(10,051)	-	-	(10,051)
Fixed plant and equipment	(11,494)	-	-	23	-	(826)	-	-	(12,297)
Vehicle, mobile plant	(2,925)	-	-	173	-	(237)	-	-	(2,989)
Office equipment	(24,732)	-	-	3	-	(1,625)	-	-	(26,354)
Library collection	(8,102)	-	-	-	-	(929)	-	-	(9,031)
<b>Total</b>	<b>(47,253)</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>-</b>	<b>(13,668)</b>	<b>-</b>	<b>-</b>	<b>(60,722)</b>
<b>Net book value</b>									
Land	101,104	6,513	-	-	(300)	-	-	-	107,317
Buildings and structures	215,426	3,991	-	-	-	(10,051)	-	-	209,366
Fixed plant and equipment	4,561	1,246	-	-	-	(826)	-	-	4,980
Vehicle, mobile plant	1,143	429	-	(30)	-	(237)	-	-	1,305
Office equipment	4,611	958	-	-	-	(1,625)	-	-	3,944
Library collection	2,223	904	-	-	-	(929)	-	-	2,198
<b>Total net book value</b>	<b>329,068</b>	<b>14,041</b>	<b>-</b>	<b>(31)</b>	<b>(300)</b>	<b>(13,668)</b>	<b>-</b>	<b>-</b>	<b>329,110</b>

## Current year

	Balance as at 1 July 2018	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Infrastructural assets</b>									
<b>Gross carrying amount</b>									
Land	25,858	-	-	-	-	-	-	-	25,858
Landfill provision capitalised	2,763	-	-	-	-	-	-	-	2,763
Roadways and bridges	1,027,333	51,554	2,102	-	(13,352)	-	-	-	1,067,637
Water reticulation	320,142	2,274	799	-	1,174	-	-	-	324,389
Water plant and facilities	71,738	8,574	-	-	(2,738)	-	-	-	77,574
Wastewater reticulation	323,373	2,822	721	-	9,045	-	-	-	335,961
Wastewater plant and facilities	97,279	2,199	-	-	(2,741)	-	-	-	96,737
Stormwater reticulation	157,633	269	732	-	3,173	-	-	-	161,807
Stormwater plant and facilities	1,503	-	-	-	(344)	-	-	-	1,159
Landfill plant and facilities	6,185	780	-	-	(205)	-	-	-	6,760
<b>Total</b>	<b>2,033,807</b>	<b>68,472</b>	<b>4,354</b>	<b>-</b>	<b>(5,988)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,100,645</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land fill provision capitalised	(1,949)	-	-	-	-	(162)	-	-	(2,111)
Roadways and bridges	-	-	-	-	20,762	(20,762)	-	-	-
Water reticulation	(8,511)	-	-	-	8,504	(9,700)	-	-	(9,707)
Water plant and facilities	(3,053)	-	-	-	3,053	(3,323)	-	-	(3,323)
Wastewater reticulation	(7,106)	-	-	-	7,104	(7,243)	-	-	(7,245)
Wastewater plant and facilities	(4,430)	-	-	-	4,430	(4,636)	-	-	(4,636)
Stormwater reticulation	(4,168)	-	-	-	4,166	(4,306)	-	-	(4,308)
Stormwater plant and facilities	(122)	-	-	-	122	(134)	-	-	(134)
Landfill plant and facilities	(429)	-	-	-	427	(326)	-	-	(328)
<b>Total</b>	<b>(29,768)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,568</b>	<b>(50,592)</b>	<b>-</b>	<b>-</b>	<b>(31,792)</b>
<b>Net book value</b>									
Land	25,858	-	-	-	-	-	-	-	25,858
Land fill provision capitalised	814	-	-	-	-	(162)	-	-	652
Roadways and bridges	1,027,333	51,554	2,102	-	7,410	(20,762)	-	-	1,067,637
Water reticulation	311,631	2,274	799	-	9,678	(9,700)	-	-	314,682
Water plant and facilities	68,685	8,574	-	-	315	(3,323)	-	-	74,251
Wastewater reticulation	316,267	2,822	721	-	16,149	(7,243)	-	-	328,716
Wastewater plant and facilities	92,849	2,199	-	-	1,689	(4,636)	-	-	92,101
Stormwater reticulation	153,465	269	732	-	7,339	(4,306)	-	-	157,499
Stormwater plant and facilities	1,381	-	-	-	(222)	(134)	-	-	1,025
Landfill plant and facilities	5,756	780	-	-	222	(326)	-	-	6,432
<b>Total net book value</b>	<b>2,004,039</b>	<b>68,472</b>	<b>4,354</b>	<b>-</b>	<b>42,580</b>	<b>(50,592)</b>	<b>-</b>	<b>-</b>	<b>2,068,853</b>

## Current year

	Balance as at 1 July 2018	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Restricted assets</b>									
<b>Gross carrying amount</b>									
Land	169,775	-	-	-	-	-	-	(260)	169,515
Buildings and structures	45,036	1,495	108	-	-	-	-	(248)	46,391
Road reserve	192,908	-	-	-	-	-	-	-	192,908
Hard surfaces and reticulation systems	16,238	261	8	-	-	-	-	-	16,507
Fixed plant and equipment	3,073	179	-	-	-	-	-	-	3,252
Playground and soft-fall areas	5,822	4,876	164	-	-	-	-	-	10,862
<b>Total</b>	<b>432,852</b>	<b>6,811</b>	<b>280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(508)</b>	<b>439,435</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land	-	-	-	-	-	-	-	-	-
Buildings and structures	-	-	-	-	-	(1,523)	-	8	(1,515)
Road reserve	-	-	-	-	-	-	-	-	-
Hard surfaces and reticulation systems	(705)	-	-	-	-	(712)	-	-	(1,417)
Fixed plant and equipment	(728)	-	-	-	-	(96)	-	-	(824)
Playground and soft-fall areas	(923)	-	-	-	-	(609)	-	-	(1,532)
<b>Total</b>	<b>(2,356)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,940)</b>	<b>-</b>	<b>8</b>	<b>(5,288)</b>
<b>Net book value</b>									
Land	169,775	-	-	-	-	-	-	(260)	169,515
Buildings and structures	45,036	1,495	108	-	-	(1,523)	-	(240)	44,876
Road reserve	192,908	-	-	-	-	-	-	-	192,908
Hard surfaces and reticulation systems	15,533	261	8	-	-	(712)	-	-	15,090
Fixed plant and equipment	2,345	179	-	-	-	(96)	-	-	2,428
Playground and soft-fall areas	4,899	4,876	164	-	-	(609)	-	-	9,330
<b>Total net book value</b>	<b>430,496</b>	<b>6,811</b>	<b>280</b>	<b>-</b>	<b>-</b>	<b>(2,940)</b>	<b>-</b>	<b>(500)</b>	<b>434,147</b>

## Current year

	Balance as at 1 July 2018	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Heritage assets</b>									
<b>Gross carrying amount</b>									
Land	4,710	-	-	-	-	-	-	-	4,710
Buildings	7,723	-	-	-	-	-	-	-	7,723
Collections	66,512	235	-	-	-	-	-	-	66,747
Monuments	10,150	-	-	-	-	-	-	-	10,150
<b>Total</b>	<b>89,095</b>	<b>235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,330</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	(346)	-	-	(346)
Collections	(495)	-	-	-	-	-	-	-	(495)
Monuments	-	-	-	-	-	(211)	-	-	(211)
<b>Total</b>	<b>(495)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(557)</b>	<b>-</b>	<b>-</b>	<b>(1,052)</b>
<b>Net book value</b>									
Land	4,710	-	-	-	-	-	-	-	4,710
Buildings	7,723	-	-	-	-	(346)	-	-	7,377
Collections	66,017	235	-	-	-	-	-	-	66,252
Monuments	10,150	-	-	-	-	(211)	-	-	9,939
<b>Total net book value</b>	<b>88,600</b>	<b>235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(557)</b>	<b>-</b>	<b>-</b>	<b>88,278</b>
<b>Capital work in progress</b>									
Water and waste systems	13,225	3,240	-	-	-	-	-	-	16,465
Land and buildings	1,062	4,589	-	-	-	-	-	-	5,651
Other assets	1,660	813	-	-	-	-	-	-	2,473
<b>Total capital work in progress</b>	<b>15,947</b>	<b>8,642</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,589</b>
<b>Council total net book value</b>	<b>2,868,150</b>	<b>98,201</b>	<b>4,634</b>	<b>(31)</b>	<b>42,280</b>	<b>(67,757)</b>	<b>-</b>	<b>(500)</b>	<b>2,944,977</b>

## Current year

	Balance as at 1 July 2018	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Subsidiaries assets</b>									
<b>Gross carrying amount</b>									
Land	10,073	1,132	-	(118)	-	-	-	-	11,087
Forest land	43,322	6,015	-	-	4,735	-	-	-	54,072
Buildings and structures	19,575	7,504	-	(19)	-	-	-	40	27,100
Fixed plant and equipment	20,743	2,599	-	(719)	-	-	-	(17)	22,606
Roadways and bridges	7,886	254	-	-	-	-	-	-	8,140
Stadium	223,614	-	-	-	-	-	-	-	223,614
Networks	601,654	71,446	-	(1,401)	-	-	-	-	671,699
Vehicle, mobile plant	26,718	2,250	-	(447)	-	-	-	68	28,589
Rolling stock and rail track	4,914	1,304	-	-	-	-	-	-	6,218
Construction	58,941	(15,252)	-	(705)	-	-	-	(108)	42,876
Office equipment	1,090	227	-	(87)	-	-	-	(10)	1,220
<b>Total</b>	<b>1,018,530</b>	<b>77,479</b>	<b>-</b>	<b>(3,496)</b>	<b>4,735</b>	<b>-</b>	<b>-</b>	<b>(27)</b>	<b>1,097,221</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land	-	-	-	-	-	-	-	-	-
Forest land	(1,847)	-	-	-	-	-	(462)	-	(2,309)
Buildings and structures	(4,001)	-	-	7	-	(364)	(2)	-	(4,360)
Fixed plant and equipment	(14,438)	-	-	570	-	(1,817)	-	17	(15,668)
Roadways and bridges	(4,252)	-	-	-	-	(192)	-	-	(4,444)
Stadium	(52,889)	-	-	-	-	(6,636)	-	-	(59,525)
Networks	(161,372)	-	-	356	-	(17,408)	-	-	(178,424)
Vehicle, mobile plant	(15,639)	-	-	436	-	(2,354)	-	-	(17,557)
Rolling stock and rail track	(2,286)	-	-	-	-	(313)	(25)	-	(2,624)
Construction	-	-	-	-	-	-	-	-	-
Office equipment	(573)	-	-	83	-	(128)	-	10	(608)
<b>Total</b>	<b>(257,297)</b>	<b>-</b>	<b>-</b>	<b>1,452</b>	<b>-</b>	<b>(29,212)</b>	<b>(489)</b>	<b>27</b>	<b>(285,519)</b>
<b>Net book value</b>									
Land	10,073	1,132	-	(118)	-	-	-	-	11,087
Forest land	41,475	6,015	-	-	4,735	-	(462)	-	51,763
Buildings and structures	15,574	7,504	-	(12)	-	(364)	(2)	40	22,740
Fixed plant and equipment	6,305	2,599	-	(149)	-	(1,817)	-	-	6,938
Roadways and bridges	3,634	254	-	-	-	(192)	-	-	3,696
Stadium	170,725	-	-	-	-	(6,636)	-	-	164,089
Networks	440,282	71,446	-	(1,045)	-	(17,408)	-	-	493,275
Vehicle, mobile plant	11,079	2,250	-	(11)	-	(2,354)	-	68	11,032
Rolling stock and rail track	2,628	1,304	-	-	-	(313)	(25)	-	3,594
Construction	58,941	(15,252)	-	(705)	-	-	-	(108)	42,876
Office equipment	517	227	-	(4)	-	(128)	-	-	612
<b>Total net book value</b>	<b>761,233</b>	<b>77,479</b>	<b>-</b>	<b>(2,044)</b>	<b>4,735</b>	<b>(29,212)</b>	<b>(489)</b>	<b>-</b>	<b>811,702</b>
<b>Group total net book value</b>	<b>3,629,383</b>	<b>175,680</b>	<b>4,634</b>	<b>(2,075)</b>	<b>47,015</b>	<b>(96,969)</b>	<b>(489)</b>	<b>(500)</b>	<b>3,756,679</b>



## Last year

	Balance as at 1 July 2017	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operational assets</b>									
<b>Gross carrying amount</b>									
Land	87,187	-	-	-	14,037	-	-	(120)	101,104
Buildings and structures	219,667	473	-	-	(4,373)	-	-	(341)	215,426
Fixed plant and equipment	15,536	524	-	(5)	-	-	-	-	16,055
Vehicle, mobile plant	3,846	391	-	(169)	-	-	-	-	4,068
Office equipment	27,639	1,704	-	-	-	-	-	-	29,343
Library collection	9,678	746	-	-	-	-	-	(99)	10,325
<b>Total</b>	<b>363,553</b>	<b>3,838</b>	<b>-</b>	<b>(174)</b>	<b>9,664</b>	<b>-</b>	<b>-</b>	<b>(560)</b>	<b>376,321</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land	-	-	-	-	-	-	-	-	-
Buildings and structures	(18,851)	-	-	-	28,249	(9,456)	-	58	-
Fixed plant and equipment	(10,756)	-	-	5	-	(743)	-	-	(11,494)
Vehicle, mobile plant	(2,829)	-	-	147	-	(243)	-	-	(2,925)
Office equipment	(23,117)	-	-	-	-	(1,615)	-	-	(24,732)
Library collection	(7,115)	-	-	-	-	(990)	-	3	(8,102)
<b>Total</b>	<b>(62,668)</b>	<b>-</b>	<b>-</b>	<b>152</b>	<b>28,249</b>	<b>(13,047)</b>	<b>-</b>	<b>61</b>	<b>(47,253)</b>
<b>Net book value</b>									
Land	87,187	-	-	-	14,037	-	-	(120)	101,104
Buildings and structures	200,816	473	-	-	23,876	(9,456)	-	(283)	215,426
Fixed plant and equipment	4,780	524	-	-	-	(743)	-	-	4,561
Vehicle, mobile plant	1,017	391	-	(22)	-	(243)	-	-	1,143
Office equipment	4,522	1,704	-	-	-	(1,615)	-	-	4,611
Library collection	2,563	746	-	-	-	(990)	-	(96)	2,223
<b>Total net book value</b>	<b>300,885</b>	<b>3,838</b>	<b>-</b>	<b>(22)</b>	<b>37,913</b>	<b>(13,047)</b>	<b>-</b>	<b>(499)</b>	<b>329,068</b>

## Last year

	Balance as at 1 July 2017	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Infrastructural assets</b>									
<b>Gross carrying amount</b>									
Land	24,435	-	-	-	1,423	-	-	-	25,858
Landfill provision capitalised	2,763	-	-	-	-	-	-	-	2,763
Roadways and bridges	988,213	29,406	2,134	-	7,580	-	-	-	1,027,333
Water reticulation	282,882	6,607	834	-	29,819	-	-	-	320,142
Water plant and facilities	75,100	1,625	-	-	(4,987)	-	-	-	71,738
Wastewater reticulation	320,359	5,592	1,443	-	(4,021)	-	-	-	323,373
Wastewater plant and facilities	101,624	1,482	-	-	(5,827)	-	-	-	97,279
Stormwater reticulation	153,569	2,530	2,586	-	(1,052)	-	-	-	157,633
Stormwater plant and facilities	2,386	-	-	-	(883)	-	-	-	1,503
Landfill plant and facilities	5,370	276	-	-	539	-	-	-	6,185
<b>Total</b>	<b>1,956,701</b>	<b>47,518</b>	<b>6,997</b>	<b>-</b>	<b>22,591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,033,807</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land fill provision capitalised	(1,787)	-	-	-	-	(162)	-	-	(1,949)
Roadways and bridges	-	-	-	-	19,922	(19,922)	-	-	-
Water reticulation	(7,835)	-	-	-	7,835	(8,511)	-	-	(8,511)
Water plant and facilities	(2,937)	-	-	-	2,937	(3,053)	-	-	(3,053)
Wastewater reticulation	(5,512)	-	-	-	5,512	(7,106)	-	-	(7,106)
Wastewater plant and facilities	(4,432)	-	-	-	4,432	(4,430)	-	-	(4,430)
Stormwater reticulation	(3,486)	-	-	-	3,486	(4,168)	-	-	(4,168)
Stormwater plant and facilities	(109)	-	-	-	109	(122)	-	-	(122)
Landfill plant and facilities	(415)	-	-	-	415	(429)	-	-	(429)
<b>Total</b>	<b>(26,513)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,648</b>	<b>(47,903)</b>	<b>-</b>	<b>-</b>	<b>(29,768)</b>
<b>Net book value</b>									
Land	24,435	-	-	-	1,423	-	-	-	25,858
Landfill provision capitalised	976	-	-	-	-	(162)	-	-	814
Roadways and bridges	988,213	29,406	2,134	-	27,502	(19,922)	-	-	1,027,333
Water reticulation	275,047	6,607	834	-	37,654	(8,511)	-	-	311,631
Water plant and facilities	72,163	1,625	-	-	(2,050)	(3,053)	-	-	68,685
Wastewater reticulation	314,847	5,592	1,443	-	1,491	(7,106)	-	-	316,267
Wastewater plant and facilities	97,192	1,482	-	-	(1,395)	(4,430)	-	-	92,849
Stormwater reticulation	150,083	2,530	2,586	-	2,434	(4,168)	-	-	153,465
Stormwater plant and facilities	2,277	-	-	-	(774)	(122)	-	-	1,381
Landfill plant and facilities	4,955	276	-	-	954	(429)	-	-	5,756
<b>Total net book value</b>	<b>1,930,188</b>	<b>47,518</b>	<b>6,997</b>	<b>-</b>	<b>67,239</b>	<b>(47,903)</b>	<b>-</b>	<b>-</b>	<b>2,004,039</b>

## Last year

	Balance as at 1 July 2017	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Restricted assets</b>									
<b>Gross carrying amount</b>									
Land	170,752	415	-	(69)	(1,323)	-	-	-	169,775
Buildings and structures	39,984	332	-	-	4,709	-	-	11	45,036
Road reserve	191,762	15	1,131	-	-	-	-	-	192,908
Hard surfaces and reticulation systems	12,291	8	-	-	3,939	-	-	-	16,238
Fixed plant and equipment	3,073	-	-	-	-	-	-	-	3,073
Playground and soft-fall areas	5,506	316	-	-	-	-	-	-	5,822
<b>Total</b>	<b>423,368</b>	<b>1,086</b>	<b>1,131</b>	<b>(69)</b>	<b>7,325</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>432,852</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land	-	-	-	-	-	-	-	-	-
Buildings and structures	(3,542)	-	-	-	5,387	(1,845)	-	-	-
Road reserve	-	-	-	-	-	-	-	-	-
Hard surfaces and reticulation systems	(2,218)	-	-	-	2,219	(706)	-	-	(705)
Fixed plant and equipment	(638)	-	-	-	-	(90)	-	-	(728)
Playground and soft-fall areas	(458)	-	-	-	-	(465)	-	-	(923)
<b>Total</b>	<b>(6,856)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,606</b>	<b>(3,106)</b>	<b>-</b>	<b>-</b>	<b>(2,356)</b>
<b>Net book value</b>									
Land	170,752	415	-	(69)	(1,323)	-	-	-	169,775
Buildings and structures	36,442	332	-	-	10,096	(1,845)	-	11	45,036
Road reserve	191,762	15	1,131	-	-	-	-	-	192,908
Hard surfaces and reticulation systems	10,073	8	-	-	6,158	(706)	-	-	15,533
Fixed plant and equipment	2,435	-	-	-	-	(90)	-	-	2,345
Playground and soft-fall areas	5,048	316	-	-	-	(465)	-	-	4,899
<b>Total net book value</b>	<b>416,512</b>	<b>1,086</b>	<b>1,131</b>	<b>(69)</b>	<b>14,931</b>	<b>(3,106)</b>	<b>-</b>	<b>11</b>	<b>430,496</b>

## Last year

	Balance as at 1 July 2017	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Heritage assets</b>									
<b>Gross carrying amount</b>									
Land	4,388	-	-	-	322	-	-	-	4,710
Buildings	8,310	1,046	-	-	(1,633)	-	-	-	7,723
Collections	66,231	182	-	-	-	-	-	99	66,512
Monuments	12,155	14	-	-	(2,019)	-	-	-	10,150
<b>Total</b>	<b>91,084</b>	<b>1,242</b>	<b>-</b>	<b>-</b>	<b>(3,330)</b>	<b>-</b>	<b>-</b>	<b>99</b>	<b>89,095</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land	-	-	-	-	-	-	-	-	-
Buildings	(280)	-	-	-	439	(159)	-	-	-
Collections	(492)	-	-	-	-	-	-	(3)	(495)
Monuments	(145)	-	-	-	217	(73)	-	1	-
<b>Total</b>	<b>(917)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>656</b>	<b>(232)</b>	<b>-</b>	<b>(2)</b>	<b>(495)</b>
<b>Net book value</b>									
Land	4,388	-	-	-	322	-	-	-	4,710
Buildings	8,030	1,046	-	-	(1,194)	(159)	-	-	7,723
Collections	65,739	182	-	-	-	-	-	96	66,017
Monuments	12,010	14	-	-	(1,802)	(73)	-	1	10,150
<b>Total net book value</b>	<b>90,167</b>	<b>1,242</b>	<b>-</b>	<b>-</b>	<b>(2,674)</b>	<b>(232)</b>	<b>-</b>	<b>97</b>	<b>88,600</b>
<b>Capital work in progress</b>									
Water and waste systems	17,698	(4,473)	-	-	-	-	-	-	13,225
Land and buildings	1,444	(382)	-	-	-	-	-	-	1,062
Other assets	1,035	625	-	-	-	-	-	-	1,660
<b>Total capital work in progress</b>	<b>20,177</b>	<b>(4,230)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,947</b>
<b>Council total net book value</b>	<b>2,757,929</b>	<b>49,454</b>	<b>8,128</b>	<b>(91)</b>	<b>117,409</b>	<b>(64,288)</b>	<b>-</b>	<b>(391)</b>	<b>2,868,150</b>

## Last year

	Balance as at 1 July 2017	Additions (assets constructed or purchased)	Vested assets (assets transferred)	Disposals	Net revaluation/ (decrements)	Depreciation	Impairment	Reclassification	Total at 30 June 2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Subsidiaries assets</b>									
<b>Gross carrying amount</b>									
Land	10,043	30	-	(290)	-	-	-	290	10,073
Forest land	36,144	4,901	-	-	2,277	-	-	-	43,322
Buildings and structures	20,047	617	-	(1,641)	-	-	-	552	19,575
Fixed plant and equipment	23,761	1,839	-	(7,982)	-	-	-	3,125	20,743
Roadways and bridges	7,188	698	-	-	-	-	-	-	7,886
Stadium	223,614	-	-	-	-	-	-	-	223,614
Networks	542,316	60,603	-	(1,265)	-	-	-	-	601,654
Vehicle, mobile plant	26,934	2,302	-	(2,849)	-	-	-	331	26,718
Rolling stock and rail track	5,378	206	-	(670)	-	-	-	-	4,914
Construction	41,366	18,012	-	(139)	-	-	-	(298)	58,941
Office equipment	1,001	515	-	(74)	-	-	-	(352)	1,090
<b>Total</b>	<b>937,792</b>	<b>89,723</b>	<b>-</b>	<b>(14,910)</b>	<b>2,277</b>	<b>-</b>	<b>-</b>	<b>3,648</b>	<b>1,018,530</b>
<b>Accumulated depreciation/ amortisation and impairment</b>									
Land	-	-	-	30	-	-	-	(30)	-
Forest land	(389)	-	-	-	-	-	(1,458)	-	(1,847)
Buildings and structures	(4,764)	-	-	264	-	(322)	1,081	(260)	(4,001)
Fixed plant and equipment	(17,359)	(7)	-	3,771	-	(1,616)	3,159	(2,386)	(14,438)
Roadways and bridges	(4,072)	-	-	-	-	(180)	-	-	(4,252)
Stadium	(45,862)	-	-	-	-	(7,027)	-	-	(52,889)
Networks	(145,888)	-	-	555	-	(16,039)	-	-	(161,372)
Vehicle, mobile plant	(15,493)	-	-	2,313	-	(2,420)	77	(116)	(15,639)
Rolling stock and rail track	(2,749)	-	-	755	-	(292)	-	-	(2,286)
Construction	-	-	-	-	-	-	-	-	-
Office equipment	(762)	(21)	-	66	-	(109)	2	251	(573)
<b>Total</b>	<b>(237,338)</b>	<b>(28)</b>	<b>-</b>	<b>7,754</b>	<b>-</b>	<b>(28,005)</b>	<b>2,861</b>	<b>(2,541)</b>	<b>(257,297)</b>
<b>Net book value</b>									
Land	10,043	30	-	(260)	-	-	-	260	10,073
Forest land	35,755	4,901	-	-	2,277	-	(1,458)	-	41,475
Buildings and structures	15,283	617	-	(1,377)	-	(322)	1,081	292	15,574
Fixed plant and equipment	6,402	1,832	-	(4,211)	-	(1,616)	3,159	739	6,305
Roadways and bridges	3,116	698	-	-	-	(180)	-	-	3,634
Stadium	177,752	-	-	-	-	(7,027)	-	-	170,725
Networks	396,428	60,603	-	(710)	-	(16,039)	-	-	440,282
Vehicle, mobile plant	11,441	2,302	-	(536)	-	(2,420)	77	215	11,079
Rolling stock and rail track	2,629	206	-	85	-	(292)	-	-	2,628
Construction	41,366	18,012	-	(139)	-	-	-	(298)	58,941
Office equipment	239	494	-	(8)	-	(109)	2	(101)	517
<b>Total net book value as at 30 June</b>	<b>700,454</b>	<b>89,695</b>	<b>-</b>	<b>(7,156)</b>	<b>2,277</b>	<b>(28,005)</b>	<b>2,861</b>	<b>1,107</b>	<b>761,233</b>
<b>Group total net book value</b>	<b>3,458,383</b>	<b>139,149</b>	<b>8,128</b>	<b>(7,247)</b>	<b>119,686</b>	<b>(92,293)</b>	<b>2,861</b>	<b>716</b>	<b>3,629,383</b>

### Relevant significant accounting policies

Property, plant and equipment are those assets held by the Group for the purpose of carrying on its business activities on an ongoing basis.

#### a) CCO property, plant and equipment

All CCO property, plant and equipment, apart from forestry land, is stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

**Revaluations** are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase is credited to the appropriate revaluation reserve, except to the extent that it reverses a revaluation decrease previously recognised as an expense, in which case the increase is credited to the surplus or deficit to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that class of asset.

**Forestry land** is stated at its revalued amount, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by Morice Limited.

**Self-constructed assets** include the direct cost of construction to the extent that they relate to bringing the fixed assets to the location and condition for their intended service.

**Depreciation** is charged so as to write off the cost or valuation of assets, other than land, forestry land, properties under construction and capital work in progress, on the straight-line basis. Rates used have been calculated to allocate the asset's cost or valuation less estimated residual value over their estimated remaining useful lives.

Depreciation of these assets commences when the assets are ready for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation on revalued assets, excluding land, is charged to the surplus or deficit. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the appropriate property revaluation reserve is transferred directly to retained earnings.

Assets held under finance leases are depreciated.

Except for City Forests Limited the depreciation rates and methods used are as follows:

	Rate	Method
Buildings	1% to 17%	SL
Metering equipment	7% to 100%	SL
Electricity network assets	1% to 20%	SL
Plant and equipment	1% to 50%	SL
Motor vehicles	5% to 33%	SL
Railway assets	1% to 50%	SL
Office equipment and fittings	5% to 48%	SL
Construction in progress	not depreciated	
Software	20% to 100%	SL

Depreciation rates and methods used by City Forests Limited are as follows:

Buildings	2% to 3%	SL
Roads	5% to 24%	DV
Bridges	2% to 2.4%	DV
Plant and equipment	6% to 80.4%	DV
Fences	10% to 13%	DV
Motor vehicles	9.6% to 36%	DV
Office equipment	10% to 60%	DV

#### Stadium

The Stadium is a separate class of asset and is recorded at cost less any accumulated depreciation and any accumulated impairment losses.

## b) The Council property, plant and equipment

### **Operational assets**

These include land, buildings, improvements, library books, plant and equipment, and motor vehicles.

#### *Land and buildings*

Land and buildings are stated at revalued amounts being fair value at date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluations are performed by an independent valuer on a three-yearly cycle.

#### *Fixed plant and equipment*

Fixed plant and equipment is stated at cost, less any subsequent accumulated depreciation and any accumulated impairment losses.

#### *Vehicles, mobile plant*

Motor vehicles and other mobile plant and equipment are stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

#### *Office equipment*

Office equipment and fittings are stated at cost less any subsequent accumulated depreciation less any accumulated impairment losses.

#### *Library collection*

Library collections are stated at cost less any subsequent accumulated depreciation and any impairment losses.

### **Infrastructural assets**

Infrastructure assets are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function; for example, sewer reticulation includes reticulation piping and sewer pump stations.

Land is stated at revalued amounts being fair value at date of valuation less any subsequent accumulated impairment losses. The revaluations are performed by an independent valuer on a three yearly cycle.

Landfill assets being earthworks, plant and machinery and the estimate of site restoration, are stated at cost less any accumulated depreciation and any accumulated impairment losses. The useful life of the Green Island Landfill is considered to be the period of time to the expiring of the associated consents in 2023.

Roadways and bridges have been stated at their revalued amounts being fair value based on depreciated replacement cost as at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Roadways and bridges are valued annually by an independent valuer.

Plant and facilities have been stated at their revalued amounts being fair value based on depreciated replacement cost as at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Plant and facilities are valued annually in-house and peer reviewed by an independent valuer. Additions are recorded at cost and depreciated.

Reticulation assets, being the reticulation system and networks of water and drainage, have been stated at their revalued amounts being fair value based on depreciated replacement cost as at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Reticulation assets are valued annually in-house and peer reviewed by an independent valuer.

### **Restricted assets**

Restricted assets are parks and reserves owned by the Council which cannot be disposed of because of legal or other restrictions, and provide a benefit or service to the community.

Land, buildings and structures are stated at revalued amounts being fair value at date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluations are performed by an independent valuer on a three yearly cycle.

Hard surfaces and reticulation systems are stated at revalued amounts being fair value at date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluations are performed by an independent valuer on a three yearly cycle.

Road reserve was last revalued based on fair value at 30 June 2012 by Quotable Value Limited. The Council has now elected to use this value as deemed cost and road reserve will no longer be revalued. Subsequent additions are recorded at cost.

Playground and soft-fall areas are stated at revalued amounts being fair value at date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by an independent valuer on a four yearly cycle.

Fixed plant and equipment has been stated at their deemed cost being fair value at the date of valuation based on depreciated replacement cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Additions are recorded at cost and depreciated.



**Heritage assets**

These include, but are not limited to, assets held by the Council subject to deeds of agreement, terms and conditions of bequests, donations, trusts or other restrictive legal covenants. The Council's control of these assets is restricted to a management/custodial role.

Heritage assets included are the Art Gallery Collection at the Dunedin Public Art Gallery, the Theomin Collection at Olveston, the Toitū Otago Settlers Museum and the monuments, statues and outdoor art as well as land and buildings of the railway station and Olveston.

Except land and buildings, all other heritage assets are stated at cost less any subsequent accumulated depreciation and accumulated impairment losses.

**Vested assets**

Vested assets are fixed assets given to the Council by a third party and could typically include water, drainage and roading assets created in the event of a subdivision. Vested assets also occur in the event of the donation of heritage or art assets by third parties. The value of assets vested are recorded at fair value which could include as sale or acquisition the cost price to the third party to create or purchase that asset and equates to its fair value at the date of acquisition. Vested assets, other than those pertaining to collections, are subsequently depreciated.

**Revaluations**

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Revaluation increases and decreases relating to individual assets within a class of assets are offset. Revaluation increases and decreases in respect of assets in different classes are not offset.

Where the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase is credited to the revaluation reserve. The net revaluation increase shall be recognised in the surplus or deficit to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in the surplus or deficit. A net revaluation decrease for a class of assets is recognised in the surplus or deficit, except to the extent it reverses a revaluation increase previously recognised in the revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of the same class of asset.

**Derecognition**

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the surplus or deficit in the year the item is derecognised.

**Depreciation**

Depreciation has been charged so as to write off the cost or valuation of assets, other than land, properties under construction and capital work in progress, on the straight line basis (SL). Rates used have been calculated to allocate the asset's cost or valuation less estimated residual value over their estimated remaining useful lives.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation commences when the assets are ready for their intended use.

Depreciation on revalued assets, excluding land, is charged to the Statement of Comprehensive Revenue and Expense. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the appropriate property revaluation reserve is transferred directly to retained earnings.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, over the term of the relevant lease.

Depreciation rates and methods used are as follows:

	Rate	Method
<b>Council operational assets</b>		
Buildings and structures	1% to 20%	SL
Plant and equipment	1% to 33%	SL
Motor vehicles	20%	SL
Office equipment and fittings	2% to 33%	SL
Library collections	10% to 50%	SL

	Rate	Method
<b>Infrastructure assets</b>		
Roadways and bridges		
- Formation	not depreciated	
- Sealed road surfacings	13%	SL
- Sealed base and first coat	3%	SL
- Sealed sub base	1%	SL
- Unsealed top course	26%	SL
- Unsealed base	not depreciated	
- Drainage (inc. SWC)	3%	SL
- Footpaths, steps and crossings	4%	SL
- Berms	not depreciated	
- Traffic control	6% to 27%	SL
- Bridges, retaining walls and sea walls	2% to 3%	SL
- Minor structures	6%	SL
- Street lighting	11%	SL
Water treatment plants and facilities	1% to 15%	SL
Sewerage treatment plants and facilities	1% to 15%	SL
Stormwater treatment plants and facilities	1% to 15%	SL
Water reticulation	0.5% to 3%	SL
Sewerage reticulation	0.5% to 3%	SL
Stormwater reticulation	0.5% to 10%	SL
Landfill provision capitalised	6%	SL
Landfill plant and facilities	0.5% to 10%	SL
<b>Heritage assets</b>	0% to 5%	SL
<b>Restricted assets</b>		
Buildings and structures	1% to 20%	SL
Plant and equipment	2% to 15%	SL
Hard surfaces	0.5% to 10%	SL
Playground and soft-fall areas	2% to 12%	SL

## 27 Investment property

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Opening balance</b>	91,660	90,438	91,660	90,438
Plus additions	29	802	29	802
	91,689	91,240	91,689	91,240
Less disposals	-	-	-	-
	91,689	91,240	91,689	91,240
Net gains (losses) from fair value adjustments	1,791	420	1,791	420
<b>Closing balance</b>	<b>93,480</b>	<b>91,660</b>	<b>93,480</b>	<b>91,660</b>
Classified:				
Investment Property General	52,440	50,160	52,440	50,160
Investment Property Endowment *	41,040	41,500	41,040	41,500
	<b>93,480</b>	<b>91,660</b>	<b>93,480</b>	<b>91,660</b>

\* Endowment Property held pursuant to the Dunedin City Council Endowment Lands Act 1988.

## Trend statement for the six years to 30 June 2019 (Core Council)

	Actual 2019 \$000	Actual 2018 \$000	Actual 2017 \$000	Actual 2016 \$000	Actual 2015 \$000	Actual 2014 \$000
Fair market value of investment properties	93,480	91,660	90,438	88,288	89,684	95,217

**Investment properties and properties intended for sale**

All investment properties were valued by Ian Clarkson, a registered independent valuer of Beca Limited (FAPI CPV, MRICS, MPINZ). Beca Limited are experienced valuers with extensive market knowledge in the types and location of investment properties owned by the Council.

In assessing the value of the properties an Income Approach supported by a Market Comparison Approach has been used. The Direct Capitalisation method was used as the primary method supported by the Sales Comparison Method.

Income Approaches are the most appropriate method to assess the value of investment properties as it enables the prime consideration for investors to be considered. The Direct Capitalisation method utilises the projected future income of an asset to determine value by discounting at an appropriate market derived yield that shows the return required by a potential investor in the asset. The yield (capitalisation rate or all risks yield) is value divided by net income. In the case of property, the income must be current market rent (or its equivalent). The yield is an accumulative figure reflective of return, risk, safety, capital gain, management burden and leverage. The assessed market rent for the asset is capitalised and then adjusted for various factors including under or over market face rent; risk of vacancy; term of remaining lease; incentives; capital works required; and lessor contribution to fit out.

The Sales Comparison method is the most appropriate method to value vacant land. This method is an assessment of value based on comparison of the property to similarly located properties that have recently sold. Adjustments are made to allow for factors such as date of sale, size, location, condition, marketability, shape of site, access, services, contour, aspect and tenure. These adjustments, or allowances, are based on what has been observed in the market from purchasers. This is then interpreted by the Valuer to apply to each property.

**Investment properties; net income and investment return**

	CORE COUNCIL	
	Actual 2019 \$000	Actual 2018 \$000
Rental from investment properties	8,119	7,868
Operating expenditure investment properties	(3,007)	(3,051)
	5,112	4,817
Plus internal rental for car-park buildings	987	987
Less internal management fees and salaries	(567)	(577)
	5,532	5,227
Net gains or (losses) from fair value adjustments	1,791	420
<b>Net income including fair value gains and losses</b>	<b>7,323</b>	<b>5,647</b>

Attributable to Investment Property Endowment	2,310	2,832
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Investment return including fair value gains and losses but excluding the interest paid on loans borrowed: 7.83% (2018: 6.16%).

**Relevant significant accounting policies**

Investment property is property held to earn rentals and/or for capital appreciation. All investment properties are stated at fair value, as determined annually by independent valuers at the balance sheet date.

Gains or losses arising from changes in the fair value of investment properties are recognised in the surplus or deficit for the period in which the gain or loss arises.

## 28 Intangible assets

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Opening cost</b>	9,454	9,121	15,650	15,101
Additional intangible assets	1,580	333	1,977	710
Disposals	-	-	(474)	(161)
Carbon credits surrendered	-	-	-	-
<b>Closing cost</b>	<b>11,034</b>	<b>9,454</b>	<b>17,153</b>	<b>15,650</b>
<b>Accumulated amortisation opening balance</b>	7,986	7,239	13,008	11,743
Impairments	-	-	-	10
Disposals	-	-	(385)	(45)
Amortisation	840	747	1,423	1,300
<b>Accumulated amortisation closing balance</b>	<b>8,826</b>	<b>7,986</b>	<b>14,046</b>	<b>13,008</b>
<b>Work in progress</b>	1,187	-	1,239	62
<b>Net book value</b>	<b>3,395</b>	<b>1,468</b>	<b>4,346</b>	<b>2,704</b>
Computer intangibles	3,373	1,446	4,324	2,682
Carbon credits	22	22	22	22
	<b>3,395</b>	<b>1,468</b>	<b>4,346</b>	<b>2,704</b>

During 2013 the Dunedin City Council as owner of land with pre 1989 forests on that land was entitled to carbon credits (NZU's). These have been acquired and have been banked, held to be offset against expected future carbon liabilities from the operation of the landfill. Further NZU's have been acquired on the open market and are also held to offset expected future carbon liabilities.

### Relevant significant accounting policies

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets, acquired at the time of acquisition of a business or an equity interest in a subsidiary or associate company. Goodwill is tested annually for impairment.

Software is recognised at cost and amortised to the surplus or deficit on a straight line basis over the estimated useful life – which is a maximum period of five years.

Carbon credits purchased are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

## 29 Forestry assets

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
<b>Forestry assets</b>		
<b>Opening balance</b>	150,172	136,333
Add costs capitalised in establishing forests during year	2,275	2,353
Increase in forest from acquisition	90	2,575
Revaluation	20,333	19,672
Less value of logs harvested	(8,860)	(10,761)
<b>Closing balance</b>	<b>164,010</b>	<b>150,172</b>
<b>Gains (losses) arising from changes in fair value less point of sale costs:</b>		
Attributable to physical changes	7,224	12,097
Attributable to price changes	13,109	7,575
	<b>20,333</b>	<b>19,672</b>

The directors of City Forests Limited revalue its forestry assets annually and Dunedin City Holdings Limited adopts that value.

The valuation methodology used establishes the fair value of the collective forest crop and an independent market value has been used to establish the forest land value. The PBE IPSAS valuation rules require that the value is calculated under the assumption that a stand will not be replanted once felled irrespective of the sustainable forest policy of the Directors. The change in the value of the forest from year to year is reflected in the Statement of Comprehensive Revenue and Expense.

Fair value requires calculating the present value of expected net cash flows using a post-tax discount rate. This discount rate used by the company is 6.0% (2018: 6.5%).

The forestry valuation is subject to a number of assumptions. The ones with the most significant volatility or impact on the valuation are the discount rate applied and the log prices adopted. The discount rate adopted was 6.0%; a +/- 50 basis point movement in the discount rate would change the valuation by +\$8.85 mil/ - \$8.04 mil. A 10% increase or decrease in assumed log prices would change the valuation by +\$13.59 mil/ -\$13.56 mil; (note that these sensitivities shown are independent and different outcomes would result from combined changes in discount and log prices).

At 30 June 2019 City Forests Limited owned stands of trees on 18,143 hectares of a total land holding (including lease, Joint Venture & Forestry Right) of 22,544 hectares. During the year the company harvested approx. 336,374 m3 of logs from its forests.

City Forests Limited is exposed to financial risks associated with USD log price and the USD and AUD sawn timber prices. This risk is managed through its financial management policy described within note 32, Financial Instruments. City Forests Limited is a long-term forestry investor that expects log prices to fluctuate within a commodity cycle. It is not possible to hedge against 100% of the price cycle but the company does manage harvest volumes to minimise the impact of the commodity price cycle over the longer term.

The valuer of the forestry asset was an employee of City Forests Limited who has a Bachelor of Forestry Science with Honours, a Post Graduate Certificate in Executive Management and is a member of the New Zealand Institute of Forestry. He has the appropriate knowledge and the skills to complete the valuation.

A peer review of the valuation process and key inputs was conducted by Woodlands Pacific. The peer review was completed with regard to a summary of market transactions at arms length terms and current market conditions. The valuation assumptions include all direct costs and revenues.

### Relevant significant accounting policies

The fair value of the forest, exclusive of the forest land, is determined at each reporting date. Fair value is equivalent to the NZIF Forest Valuation Standards definition of market value. Fair value is determined using the discounted cash flow methodology and, in using this method, financing costs and replanting costs are excluded. The method first determines the current market value of the collective forest and land resource, with land then subtracted at its current market value to provide the value of the forest asset.

The valuation takes into account changes in price over the accounting period as well as the quantity of trees harvested and the growth that has occurred in the forest. Any change in forest valuation is recorded in the surplus or deficit.

### 30 Intangible assets carbon credits

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
New Zealand carbon credits	26,894	27,024

The New Zealand Emissions Trading Scheme was enacted under the Climate Change Response Amendment Act 2008 and was made into law on 26 September 2008.

A forest owner with forests established after 31st December 1989, under the Act, may opt to join the Emissions Trading Scheme. Post-89 forests will earn carbon credits (NZU's) from 1st January 2008 and these may be traded within New Zealand or converted into Assigned Amount Units (AAU's) and sold internationally. City Forests Limited completed registration of the Post-89 forests under the Emissions Trading Scheme in January 2010. These forests have been sequestering carbon under the scheme since 1st January 2008. Subsequent to our Post-89 registration, the New Zealand Government has allocated City Forests Limited a total of 2,503,401 Post-89 derived NZU's, being the carbon sequestered by these forests during the 2008 to 2019 calendar years. There has been carbon credit sales during the financial year of 300,000 units.

As at 30th June 2019, 1,164,008 units were unsold (2018: 1,280,834). Under the accrual principle, the unsold credits have been valued based on the current market prices and recognised in the financial statements.

In future years there will be a carbon credit liability against a proportion of the carbon credits sequestered from Post-1989 forest areas in accordance with New Zealand Emission Trading Scheme Regulations. A proportion of Carbon sequestered from Post-1989 areas will have to be surrendered to compensate for the carbon liability generated from harvesting those forest areas. The intangible asset represents the value of carbon sequestered to date and can be used to settle carbon credit liability on harvesting.

#### Relevant significant accounting policies

Emission units held are treated as intangible assets, and initially recorded at:

Cost in the case of purchased units.

Government granted units are recognised at fair value (initial market value) when there is reasonable assurance that the company will comply with the attached conditions and the grant will be received.

Emissions unit fair value is marked to market (revalued) annually at 30 June subsequent to initial recognition and annually thereafter. Emissions obligations are recognised as a current or future liability depending on the legislated liability period. The difference between initial fair value or previous annual revaluations and disposal or revaluation value of the units is recognised in other comprehensive income.

### 31 Waipori Fund

Funds from the sale of Waipori Power Generation Limited and the Council's 42% interest in United Electricity became available in the latter part of October 1998. Funds were invested in short-term financial instruments from that date. Following the Council's appointment of Dunedin City Treasury Limited as fund manager and the selection of equity and property investment advisors in March 1999, the programme of investment selection began in accordance with the allocation broadly indicated in the Council approved statement of policies and objectives.

#### Waipori Fund - Income statement for the year ended 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
Income	3,448	3,273
Less expenditure	(761)	(222)
Net operating income	2,687	3,051
Plus unrealised gains (loss)	5,882	3,503
Net surplus to equity	8,569	6,554
Less inflation adjustment	(1,295)	(926)
<b>Available for distribution to Council</b>	<b>7,274</b>	<b>5,628</b>

## Waipori Fund - Statement of movement in equity as at 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
Equity at the beginning of the year	87,289	84,217
Plus net surplus for the year	8,569	6,554
	95,858	90,771
Less distribution	(3,200)	(3,482)
	<b>92,658</b>	<b>87,289</b>

## Waipori Fund - Balance sheet as at 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000
<b>Current assets</b>		
Bank account	4,737	315
Accounts receivable	303	355
Current investments		
- Other	7,723	8,587
- Dunedin City Council	-	-
<b>Total current assets</b>	<b>12,763</b>	<b>9,257</b>
<b>Investments</b>		
Equities	44,144	41,009
Non-current investments		
- Other	35,849	36,562
- Dunedin City Council	-	473
<b>Total investments</b>	<b>79,993</b>	<b>78,044</b>
<b>Total assets</b>	<b>92,756</b>	<b>87,301</b>
<b>Current liabilities</b>		
Accruals	98	12
<b>Total current liabilities</b>	<b>98</b>	<b>12</b>
<b>Equity</b>		
Principal of the fund	56,000	56,000
Inflation adjustment reserve	28,302	27,007
Retained earnings	8,356	4,282
<b>Total equity</b>	<b>92,658</b>	<b>87,289</b>
<b>Total equity and liabilities</b>	<b>92,756</b>	<b>87,301</b>



## Waipori Fund - Trend statement for the 6 years to 30 June 2019

	Actual 2019 \$000	Actual 2018 \$000	Actual 2017 \$000	Actual 2016 \$000	Actual 2015 \$000	Actual 2014 \$000
<b>Main income sources</b>						
Interest	1,831	1,774	1,819	1,669	1,743	1,675
Dividend	1,409	1,423	1,625	1,869	1,876	1,630
Rent	-	-	-	-	-	-
Realised gains (loss) on asset sales	(332)	76	(222)	(1,028)	(347)	217
<b>Main assets</b>						
Term financial investments	43,959	45,922	40,812	34,503	32,880	31,741
Equity	44,144	41,009	42,986	47,594	48,678	43,397
<b>Return on assets before unrealised gains or losses</b>						
Financial instruments	4.17%	3.86%	4.46%	4.84%	5.30%	5.28%
Equity	3.19%	3.47%	3.78%	3.93%	3.85%	3.75%
<b>Return on assets after unrealised gains or losses</b>	9.82%	7.78%	6.94%	6.30%	13.10%	6.08%

## 32 Financial risk

Dunedin City Treasury Limited provides treasury services and loans to the DCC Group, co-ordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the Group. These risks include market risk, credit risk and liquidity risk.

### a) General

The consolidated entity manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by policies approved by the Council.

### b) Liquidity risk

Liquidity risk is the risk that the DCC Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group evaluates its liquidity requirements on an ongoing basis and Dunedin City Treasury Limited actively manages its liquidity risk through:

- maintaining the best credit rating appropriate to the Dunedin City Council Group expenditure and revenue plans;
- arrangement of appropriate backup facilities to the short term borrowing programme;
- managing a prudent balance of both short and long term borrowing programmes;
- regular review of projected cash flows and debt requirements.

In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

The maturity profile and effective interest rates of the Group term borrowings are set out in note 24. The maturity profiles of the Group's financial assets and liabilities, with the exception of equity investments are explained in note h) below.

### c) Interest rate risk

Under the Dunedin City Council Treasury Risk Management Policy approved on 2 October 2018, Dunedin City Treasury Limited utilises a portfolio approach to manage interest rate risk for the Group.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its multi-option facility borrowings by swapping a proportion of those borrowings from floating rates to fixed rates.

The notional principal outstanding with regard to the interest rate swaps is:

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
Maturing in less than one year	30,000	42,500
Maturing between one and five years	530,000	437,500
Maturing in more than five years	365,000	382,500
	<b>925,000</b>	<b>862,500</b>

#### d) Currency market risk

City Forests Limited is the one company within the DCC Group that consistently generates cash flows in foreign currency. NZD is the functional currency of both City Forests Limited and the DCC Group. City Forests Limited manages the risk associated with exchange rate fluctuations through the use of currency derivatives to hedge significant future export sales in accordance with foreign exchange policy established by directors. This foreign exchange policy of City Forests Limited allows foreign exchange forward contracts and the purchase of options in the management of its exchange rate exposures. The instruments purchased are only against the currency in which the exports are sold.

Other companies within the Group will occasionally purchase forward cover against expected purchases in foreign currency.

At balance sheet date, the total notional amount and fair values of outstanding forward foreign exchange contracts to which City Forests Limited is committed are as follows:

	CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000
Forward foreign exchange contracts		
- fair value	(302)	(799)
- nominal value (sale of USD and purchase of NZD)	23,129	14,400
Forward foreign exchange contracts		
- fair value	-	-
- nominal value (sale of NZD and purchase of USD)	-	-

#### e) Effectiveness of cash flow hedges

The matched terms method is the method used in applying hedges across the Group. In all cases, the critical terms of both the hedge instrument and the underlying transaction are matched.

	CONSOLIDATED	
	%	%
Effectiveness	100	100

#### f) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss.

The Group has processes in place to review the credit quality of customers prior to the granting of credit where applicable.

In financial transactions, the Group deals only with credit-worthy counterparties that are rated the equivalent of investment grade and above. This information is supplied by credit rating agencies. The Group's exposure and the credit ratings of its counterparties are continually monitored and the aggregate value of transactions undertaken is spread among the approved counterparties.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. The Group does not have any significant credit risk exposure to any single counterparty or Group of counterparties having similar characteristics.

The amounts presented in the balance sheet for trade receivables are net of allowances for doubtful debts. Credit terms differ within the Group.

Past due, but not impaired, receivables are as follows:

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Age analysis:				
30-60 days	165	182	384	1,562
60-90 days	29	56	686	381
90 days plus	341	182	1,250	1,403

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings.

#### Financial assets analysis

	CORE COUNCIL			Total
	AA	AA-	No Rating	
<b>2019</b>				
Cash and cash equivalents	-	11,905	-	11,905
Trade and other receivables	-	-	18,238	18,238
Advances due from related parties	112,000	-	-	112,000
Current financial assets	-	7,723	-	7,723
Other financial assets	-	79,992	485	80,477
Loans and advances	-	-	-	-
	<b>112,000</b>	<b>99,620</b>	<b>18,723</b>	<b>230,343</b>

<b>2018</b>				
Cash and cash equivalents	-	5,490	-	5,490
Trade and other receivables	-	-	18,758	18,758
Advances due from related parties	112,000	-	-	112,000
Current financial assets	-	8,424	-	8,424
Other financial assets	-	78,044	485	78,529
Loans and advances	-	-	143	143
	<b>112,000</b>	<b>91,958</b>	<b>19,386</b>	<b>223,344</b>

	CONSOLIDATED			Total
	AA	AA-	No Rating	
<b>2019</b>				
Cash and cash equivalents	-	29,348	-	29,348
Trade and other receivables	-	-	46,675	46,675
Advances due from related parties	-	-	-	-
Current financial assets	-	7,793	1,319	9,112
Other financial assets	-	79,993	494	80,487
Term receivables	-	-	11,041	11,041
Loans and advances	-	-	-	-
	-	<b>117,134</b>	<b>59,529</b>	<b>176,663</b>

<b>2018</b>				
Cash and cash equivalents	-	7,533	-	7,533
Trade and other receivables	-	-	46,137	46,137
Advances due from related parties	-	-	-	-
Current financial assets	-	10,472	-	10,472
Other financial assets	-	78,044	494	78,538
Term receivables	-	-	11,968	11,968
Loans and advances	-	-	143	143
	-	<b>96,049</b>	<b>58,742</b>	<b>154,791</b>

## g) Fair value of financial instruments

## Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	CORE COUNCIL			Total NZ \$'000
	Level 1 NZ \$'000	Level 2 NZ \$'000	Level 3 NZ \$'000	
<b>2019</b>				
<b>Financial assets</b>				
Advances due from related parties	-	-	112,000	112,000
Current financial assets	7,723	-	-	7,723
Other financial Assets	79,992	-	485	80,477
Loans and advances	-	-	-	-
	<b>87,715</b>	<b>-</b>	<b>112,485</b>	<b>200,200</b>
<b>Financial liabilities</b>				
Derivative financial liabilities with related parties	-	4,265	-	4,265
	<b>-</b>	<b>4,265</b>	<b>-</b>	<b>4,265</b>

<b>2018</b>				
<b>Financial assets</b>				
Advances due from related parties	-	-	112,000	112,000
Current financial assets	8,424	-	-	8,424
Other financial assets	78,044	-	485	78,529
Loans and Advances	-	-	143	143
	<b>86,468</b>	<b>-</b>	<b>112,628</b>	<b>199,096</b>
<b>Financial liabilities</b>				
Derivative financial liabilities with related parties	-	6,841	-	6,841
	<b>-</b>	<b>6,841</b>	<b>-</b>	<b>6,841</b>

	CONSOLIDATED			Total NZ \$'000
	Level 1 NZ \$'000	Level 2 NZ \$'000	Level 3 NZ \$'000	
<b>2019</b>				
<b>Financial assets</b>				
Advances due from related parties	-	-	-	-
Current financial assets	7,793	-	1,319	9,112
Other financial assets	79,993	-	494	80,487
Derivative financial assets	-	10,560	-	10,560
New Zealand carbon credits	26,894	-	-	26,894
Loans and advances	-	-	-	-
	<b>114,680</b>	<b>10,560</b>	<b>1,813</b>	<b>127,053</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	44,468	-	44,468
	<b>-</b>	<b>44,468</b>	<b>-</b>	<b>44,468</b>

	CONSOLIDATED			
	Level 1 NZ \$'000	Level 2 NZ \$'000	Level 3 NZ \$'000	Total NZ \$'000
<b>2018</b>				
<b>Financial assets</b>				
Advances due from related parties	-	-	-	-
Current financial assets	10,472	-	-	10,472
Other financial assets	78,044	-	494	78,538
Derivative financial assets	-	4,421	-	4,421
New Zealand carbon credits	27,024	-	-	27,024
Loans and advances	-	-	143	143
	<b>115,540</b>	<b>4,421</b>	<b>637</b>	<b>120,598</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	21,675	-	21,675
	<b>-</b>	<b>21,675</b>	<b>-</b>	<b>21,675</b>

#### h) Contractual maturity analysis of financial assets and liabilities

The tables below analyse the Group's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Contractual amounts for the interest expense and balance of the shareholder advance have not been included as the interest is currently payable on a year by year basis and there is no contractual date for the repayment of the outstanding balance.

	CORE COUNCIL						
	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	No maturity
<b>Financial assets</b>							
<b>2019</b>							
Cash and cash equivalents	11,905	11,905	11,905	-	-	-	-
Advances due from related parties	112,000	112,000	-	-	-	-	112,000
Trade and other receivables	18,238	18,238	18,238	-	-	-	-
Current Financial Assets	7,723	7,723	7,723	-	-	-	-
Other Financial Assets	80,477	80,477	-	7,215	20,302	52,475	485
Loans and Advances	-	-	-	-	-	-	-
<b>Total</b>	<b>230,343</b>	<b>230,343</b>	<b>37,866</b>	<b>7,215</b>	<b>20,302</b>	<b>52,475</b>	<b>112,485</b>
<b>2018</b>							
Cash and cash equivalents	5,490	5,490	5,490	-	-	-	-
Advances due from related parties	112,000	112,000	-	-	-	-	112,000
Trade and other receivables	18,758	18,758	18,758	-	-	-	-
Current financial assets	8,424	8,424	8,424	-	-	-	-
Other financial assets	78,529	78,529	-	15,056	14,231	48,757	485
Loans and advances	143	143	-	-	-	143	-
<b>Total</b>	<b>223,344</b>	<b>223,344</b>	<b>32,672</b>	<b>15,056</b>	<b>14,231</b>	<b>48,900</b>	<b>112,485</b>
<b>Financial liabilities</b>							
<b>2019</b>							
Trade and other payables	31,143	31,143	31,143	-	-	-	-
Revenue received in advance	6,212	6,212	6,212	-	-	-	-
Term Liabilities	218,973	225,443	24,042	31,620	10,808	-	158,973
<b>Total</b>	<b>256,328</b>	<b>262,798</b>	<b>61,397</b>	<b>31,620</b>	<b>10,808</b>	<b>-</b>	<b>158,973</b>
<b>2018</b>							
Trade and other payables	28,237	28,237	28,237	-	-	-	-
Revenue received in advance	3,676	3,676	3,676	-	-	-	-
Term Liabilities	200,473	312,146	22,922	23,335	265,416	-	473
<b>Total</b>	<b>232,386</b>	<b>344,059</b>	<b>54,835</b>	<b>23,335</b>	<b>265,416</b>	<b>-</b>	<b>473</b>

## h) Contractual maturity analysis of financial assets and liabilities (continued)

	CONSOLIDATED						
	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	No maturity
<b>Financial assets</b>							
<b>2019</b>							
Cash and cash equivalents	29,348	29,348	29,348	-	-	-	-
Advances due from related parties	-	-	-	-	-	-	-
Trade and other receivables	46,675	46,675	46,675	-	-	-	-
Current financial assets	9,112	9,112	9,112	-	-	-	-
Other financial assets	80,487	80,487	-	7,216	20,302	52,475	494
Loans and advances	-	143	-	-	-	143	-
<b>Total</b>	<b>165,622</b>	<b>165,765</b>	<b>85,135</b>	<b>7,216</b>	<b>20,302</b>	<b>52,618</b>	<b>494</b>
<b>2018</b>							
Cash and cash equivalents	7,533	7,533	7,533	-	-	-	-
Advances due from related parties	-	-	-	-	-	-	-
Trade and other receivables	46,137	46,137	46,137	-	-	-	-
Current financial assets	10,472	10,472	10,472	-	-	-	-
Other financial assets	78,538	78,538	-	-	29,287	48,757	494
Loans and advances	143	286	143	-	-	143	-
<b>Total</b>	<b>142,823</b>	<b>142,966</b>	<b>64,285</b>	<b>-</b>	<b>29,287</b>	<b>48,900</b>	<b>494</b>
<b>Financial liabilities</b>							
<b>2019</b>							
Short term borrowings	620	620	620	-	-	-	-
Trade and other payables	65,175	65,175	65,175	-	-	-	-
Term liabilities	691,069	761,006	229,583	141,749	179,515	209,686	473
<b>Total</b>	<b>756,864</b>	<b>826,801</b>	<b>295,378</b>	<b>141,749</b>	<b>179,515</b>	<b>209,686</b>	<b>473</b>
<b>2018</b>							
Short term borrowings	3,638	3,638	3,638	-	-	-	-
Trade and other payables	55,807	55,807	55,807	-	-	-	-
Term liabilities	610,043	676,466	203,233	64,801	273,624	134,335	473
<b>Total</b>	<b>669,488</b>	<b>735,911</b>	<b>262,678</b>	<b>64,801</b>	<b>273,624</b>	<b>134,335</b>	<b>473</b>

## 33 Sensitivity analysis of financial assets and liabilities

Based on historic movements and volatilities, the following movements are reasonably possible over a twelve-month period:

Proportional foreign exchange rate movement of -10% (depreciation of NZD) and a +10% (appreciation of the NZD) against the USD, from the year end rate of 0.6719. A parallel shift of +1%/-1% in the NZD market interest rate from the year end 90 day BBBR of 1.64% (2018: 2.01%).

Should these movements occur, the effect on consolidated profit and loss and equity for each category of financial instrument held at balance date is presented below. The movements are illustrative only.

	Carrying Amount \$000	-100bp Profit	Interest Rate Equity	+100bp Profit	Equity	FX -10% Profit	10% Profit
<b>2019</b>							
<b>Financial assets</b>							
Derivatives - designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed)	10,560	-	-	-	-	(2,877)	1,797
Other financial assets	89,599	-	-	-	-	210	(172)
	<b>100,159</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,667)</b>	<b>1,625</b>
<b>Financial liabilities</b>							
Derivatives - designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed)	44,468	-	(70,617)	-	(23,853)	-	-
Other financial liabilities	-	-	-	-	-	-	-
	<b>44,468</b>	<b>-</b>	<b>(70,617)</b>	<b>-</b>	<b>(23,853)</b>	<b>-</b>	<b>-</b>
<b>Total increase (decrease)</b>		<b>-</b>	<b>(70,617)</b>	<b>-</b>	<b>(23,853)</b>	<b>(2,667)</b>	<b>1,625</b>
<b>2018</b>							
<b>Financial assets</b>							
Derivatives - designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed)	11,262	-	-	-	-	2,369	(1,938)
Other financial assets	89,153	-	-	-	-	209	(171)
	<b>100,415</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,578</b>	<b>(2,109)</b>
<b>Financial liabilities</b>							
Derivatives - designated as cash flow hedges (interest rate swaps and forward currency deals separately disclosed)	21,675	-	(22,137)	-	20,284	-	-
Other financial liabilities	-	-	-	-	-	-	-
	<b>21,675</b>	<b>-</b>	<b>(22,137)</b>	<b>-</b>	<b>20,284</b>	<b>-</b>	<b>-</b>
<b>Total increase (decrease)</b>		<b>-</b>	<b>(22,137)</b>	<b>-</b>	<b>20,284</b>	<b>2,578</b>	<b>(2,109)</b>

1. Cash and cash equivalents include deposits at call which are at floating interest rates. Sensitivity to a 1% movement in rates is immaterial as these deposits are very short term.
2. Derivatives subject to the hedge accounting regime are managed by the company to be 100% effective and thus there is no sensitivity to change in either interest rates or exchange rates. Changes to interest rates charged caused by any change to the credit standing of the Group cannot be hedged.
3. Borrowings within each of the companies of the Group are subject to the Treasury Risk Management Policy. Sensitivity to any movement in the interest rate in the Statement of Comprehensive Revenue and Expense is limited to the effect on the amount of floating rate debt that exceeds the amount of the fixed rate hedge.



### 34 Commitments, contingencies, guarantees and insurance

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
<b>Capital commitments approved and contracted</b>				
Roading capital commitments	45,396	16,924	47,472	16,924
Water and waste capital commitments	16,608	13,942	16,474	13,942
Other property, plant and equipment capital commitments	5,455	1,362	60,402	24,135
	<b>67,459</b>	<b>32,228</b>	<b>124,348</b>	<b>55,001</b>
<b>Non-cancellable operating lease commitments</b>				
Not later than one year	94	53	4,085	2,875
Later than one year and not later than 5 years	261	114	5,812	4,326
Later than five years	-	-	739	579
	<b>355</b>	<b>167</b>	<b>10,636</b>	<b>7,780</b>

The Council has a number of commitments as lessor from leasehold property. As at 30 June 2019 the amount has not been quantified.

The Council has guarantees of \$341,158 (2018: \$390,463). These are on behalf of recreation and service organisations that have funded expenditure by way of commercial loan or prospective fund raising. These are not considered to be liabilities as the possibility of an outflow of resources embodying economic benefits is remote.

The Otago Regional Council requires the payment of a bond from those entities involved in solid waste disposal. By mutual agreement the payment of a bond of \$1,000,000 has been waived as long as the Council retains ownership of the Green Island landfill site, and maintains the conditions of the consents.

As detailed in note 20, the Council has uncalled capital of 849,900,000 for Dunedin City Holdings Limited, the uncalled capital can be drawn by the Company on demand as and when required.

The Group has the following additional contingent liabilities:

	CORE COUNCIL		CONSOLIDATED	
	Actual 2019 \$000	Actual 2018 \$000	Actual 2019 \$000	Actual 2018 \$000
Golden Block Investments Limited	1,325	1,325	1,325	1,325
Performance bonds	-	-	724	666
	<b>1,325</b>	<b>1,325</b>	<b>2,049</b>	<b>1,991</b>

The borrowings of Golden Block Investments are secured by registered first mortgage over the property and undertakings and guarantees for the amount of \$1,325,000 or 50% of the debt, whichever is the lesser from each of the shareholders of which DCC is one.

The performance bonds issued are in favour of other South Island Local Authorities for contract work by Delta Utility Services Limited. There is no indication that any of these contingent liabilities will crystallise in the foreseeable future.

During the 2016/17 financial reporting period, Aurora Energy Limited was informed of a potential claim by landowners for property damage suffered as a result of the Saddle Hill, Dunedin fire in October 2015. An independent investigation found that the cause of the fire was unknown. The Company holds public liability insurance. At reporting date, the financial consequences of this matter (if any) were not known.

#### Insurance of assets

The total value of property plant and equipment of the Council covered by insurance contracts for the 2019/20 year is \$1,701,358,000 (2018/19: \$1,644,184,000).

The maximum amount to which assets are insured for non-natural disaster under the Council insurance policies is \$250,000,000 (2018: \$250,000,000).

The Council is not covered by any financial risk sharing arrangements in relation to its assets.

An insurance reserve fund of \$307,000 (2018: \$300,000) exists to meet the cost of claims that fall below deductible limits under the Council insurance policies.

### 35 Transactions with related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between entities and are on that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

### 36 Explanations of major variances against budget

Explanations for major variances from the Council's budget figures in its 2018/19 annual plan are as follows:

#### Statement of comprehensive revenue and expense

Total operating revenue was greater than budget due to the following: higher than expected funding for roading capital projects, the Logan Park artificial turf and the Waterfront development (Provincial Growth Fund). There was also increased activity in a number of operational areas including building services, parking operations and the crematorium.

The favourable variance also included the following non-cash items: higher than expected vested assets (\$2.1 million), additional fair value gains related to the Waipori Fund (\$4.4 million), and an unbudgeted fair value increase related to the investment property portfolio (\$1.8 million).

Development and financial contributions from across the city were also greater than budget, including income from continued development in Mosgiel.

Other operating expenses were greater than budget due to the following: expenditure on the development of various projects including waste futures, central city, hospital rebuild and the waterfront development. Operating expenses were also impacted by increased maintenance on buildings and infrastructure assets along with a non-cash increase in the provision for landfill after-care costs. Some of the additional expenditure contributed to the increased revenue discussed above.

Financial expenses were less than budget by \$1.9 million primarily due to a favourable floating interest rate.

Depreciation expenditure was \$5.2 million greater than budget due to the impact of asset revaluations across multiple portfolios along with the increased level of capital expenditure.

#### Statement of financial position

The term loan balance as at 30 June 2019 was \$218.9 million or \$12.0 million greater than budget. This difference was driven by higher than expected capital expenditure for the year as evidenced in the statement of cashflows - see comment below regarding investing activities.

#### Statement of cashflows

Net cash inflow from operations was \$21.2 million greater than budget driven by the revenue and expense variances. The inflow was particularly impacted by the additional grants funding for the various capital projects discussed above.

Net cash outflow from investing activities was \$24.9 million greater than budget primarily driven by a higher level of capital expenditure including roading projects and two recent property purchases.

### 37 Post balance date events

There are no post balance date events.



# SECTION 4:

## Other disclosures | He whākika anō

### Section contents

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# Annual report disclosure statement

## Annual report disclosure statement for the year ending 30 June 2019

### What is the purpose of this statement?

The purpose of this statement is to disclose the Council’s financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

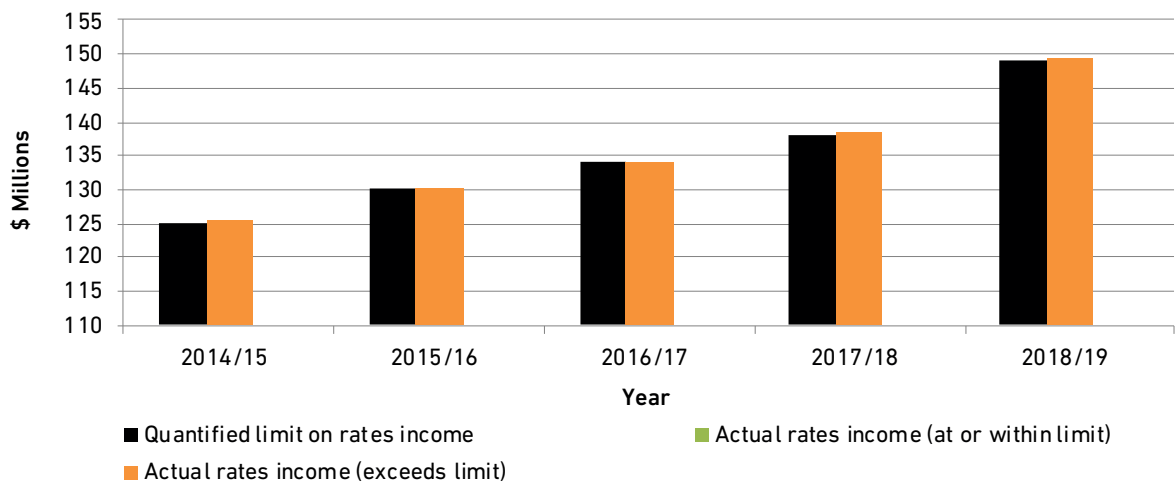
### Rates affordability benchmark

The Council meets the rates affordability benchmark if –

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

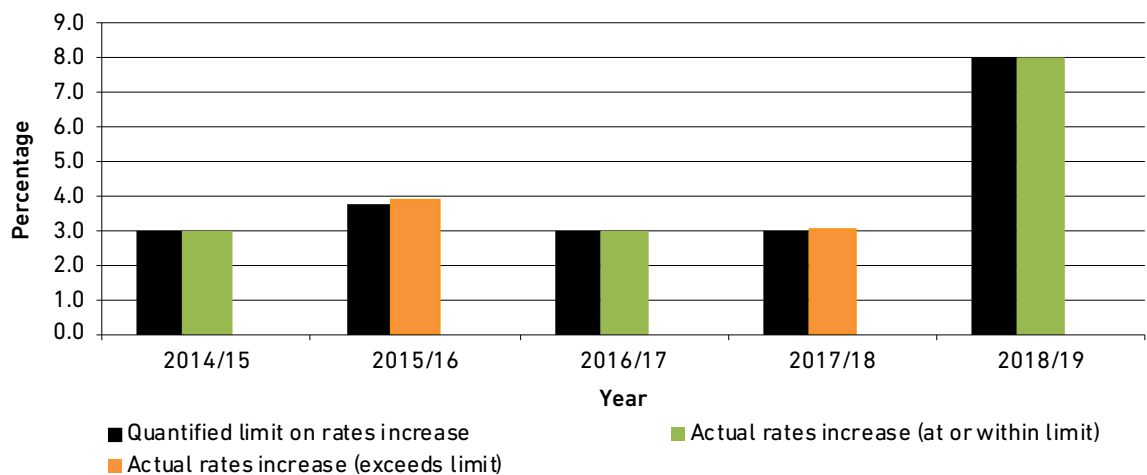
### Rates (income) affordability

The following graph compares the Council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the Council’s long-term plan. The quantified limit is \$149.07 million in 2018/19.



### Rates (increases) affordability

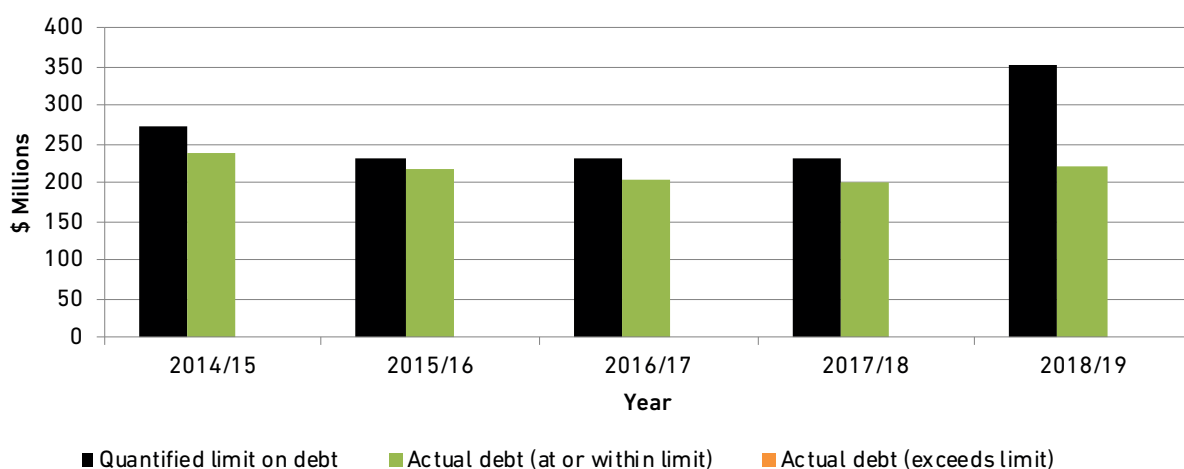
The following graph compares the Council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council’s long-term plan. The quantified limit is 8% in 2018/19.



### Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

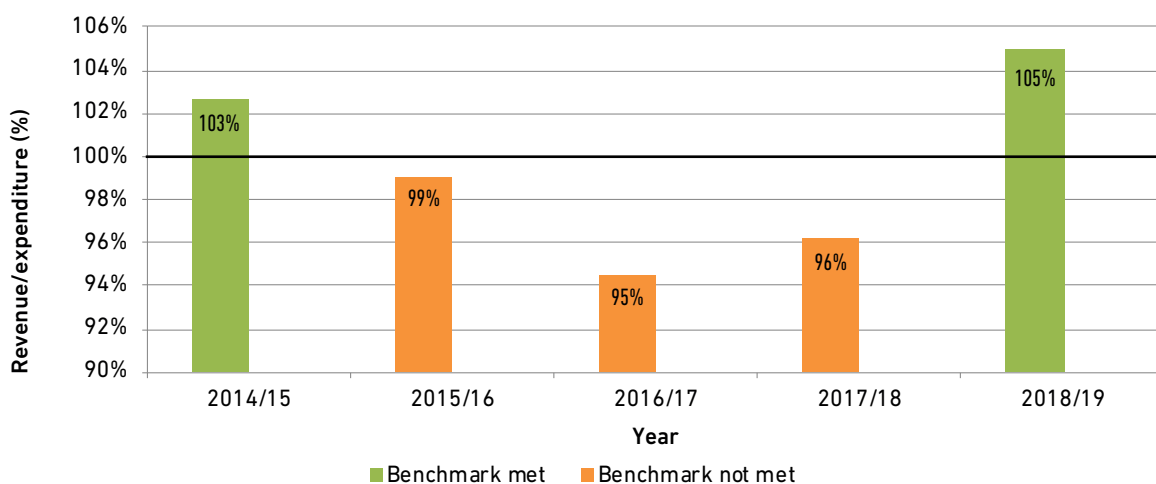
The following graph compares the Council's actual borrowing with a quantified limit on borrowing statement in the financial strategy included in the Council's long-term plan. The quantified limit is \$350 million in 2018/19.



### Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

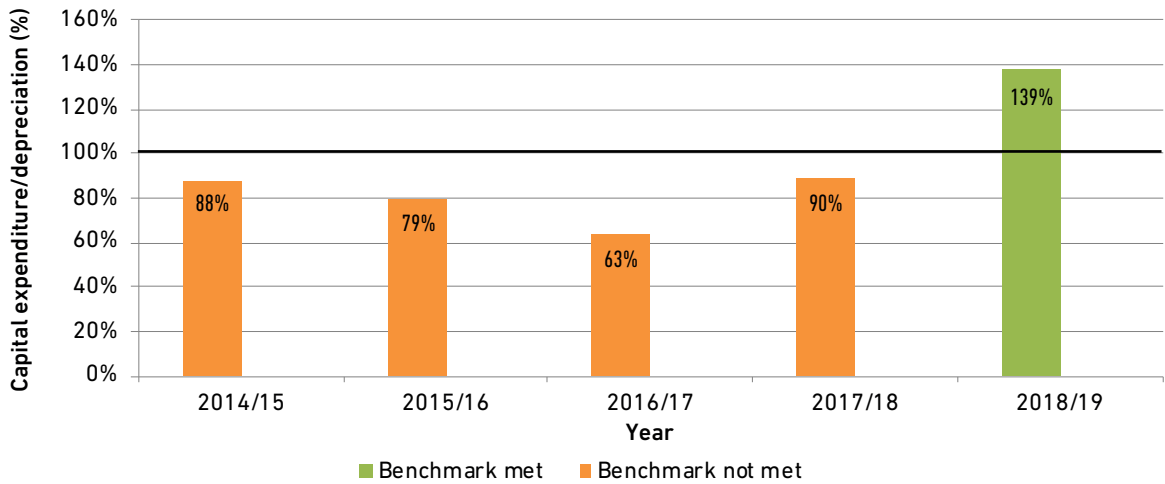
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services.

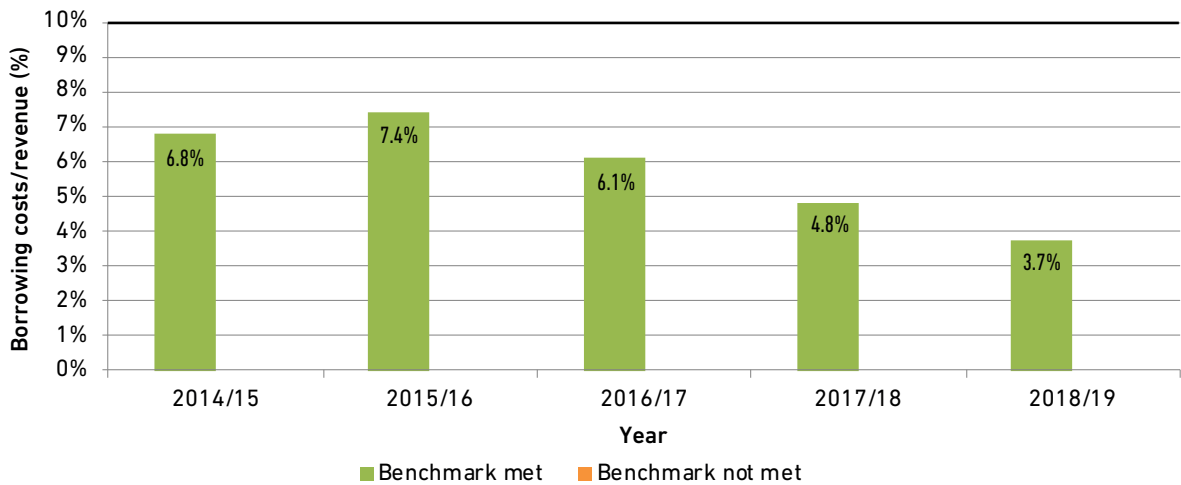
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

Because Statistics New Zealand projects the Council’s population will grow below the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

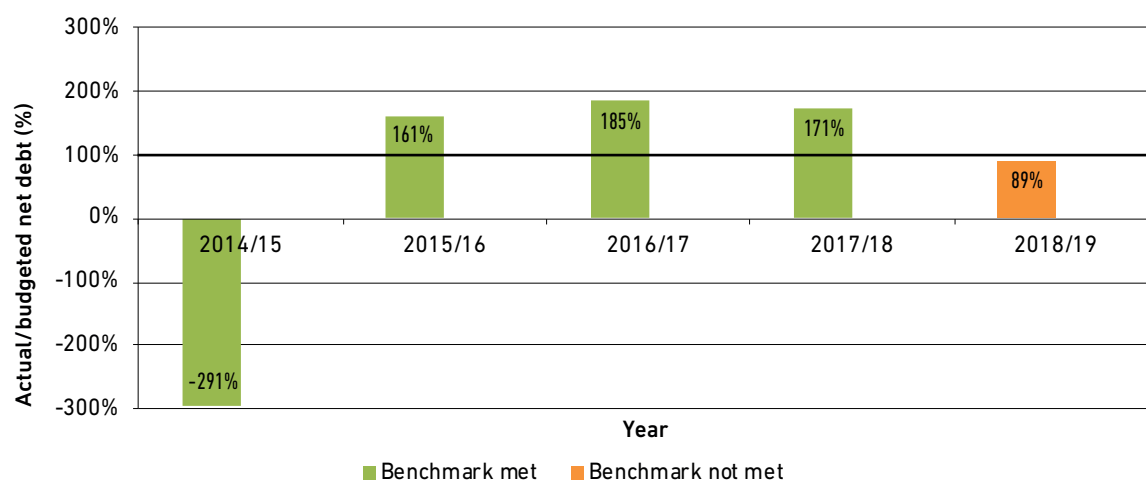




### Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

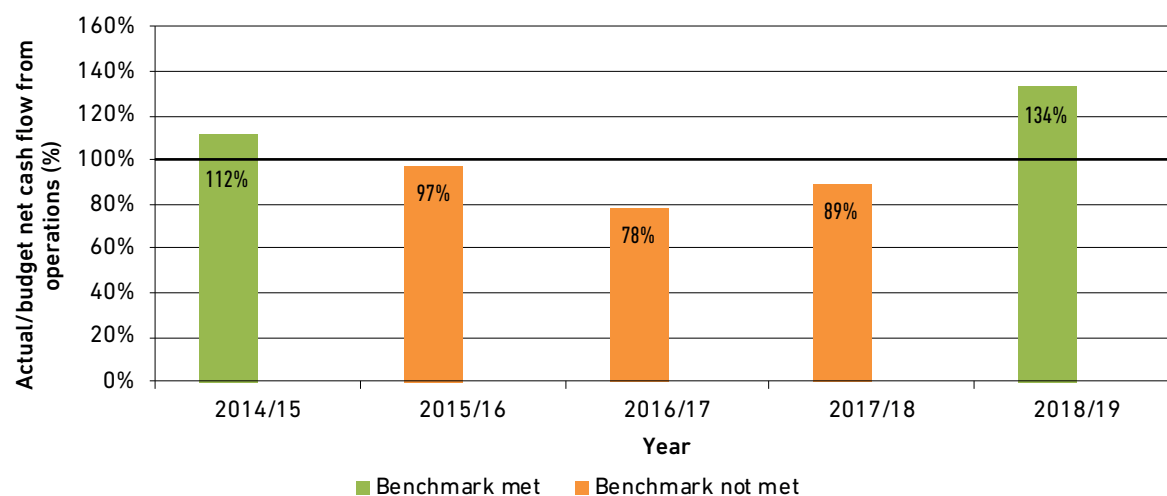
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



### Additional information or comment

Note 1: Rate projections are set at the end of May each year. Between May and June, additional rates revenue arises due to growth (eg subdivisions, extensions), and budgets don't include this. Actual rates include this growth. This affects the rates affordability benchmarks.

Note 2: Debt control benchmark. The Council planned to have net assets from 2015/16 – that is, its financial assets (excluding trade and other receivables) were planned to exceed its financial liabilities. The results shown graphically above are correct. The graph shows 'benchmark met' whenever the Council is better off (either less indebted or with greater net assets) than planned. Conversely, it shows 'benchmark not met' whenever the Council is either more indebted or has less net assets than planned.

## Council controlled organisations | He ohu nā te Kaunihera

Dunedin City Holdings Limited is Dunedin City Council's wholly owned investment company. Its purpose is to monitor and provide leadership to subsidiary and associate companies, and to deliver financial returns to the Dunedin City Council.

### Dunedin City Holdings Limited

#### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin City Holdings Limited and the results achieved for the year ended 30 June 2019 are as follows.

Parent Company Performance Targets	Parent Company Outcome Achieved
<b>Business Objectives</b>	
Review and approve the Statements of Intent and plans of each of the Group companies for consistency with the strategic direction of the DCC.	The review of the draft 2020 Statements of Intent of subsidiary companies were completed. Amendments were made to the Board's satisfaction. Updated and final Statements of Intent were received by the Board by 30 June 2019 and forwarded to the DCC as ultimate shareholder.
Review the operating activities of each of the Group companies along with Dunedin City Holdings Ltd for compliance with the goals and objectives of the Statement of Intent.	Reviews of the operating activities were performed as required by the Board of Dunedin City Holdings Ltd.
Monitor and review the performance of each Group Company against their Statement of Intent goals and objectives.	Continual monthly reviews of companies' performance against key Statement of Intent goals have been undertaken. Subsidiaries' performance against Statement of Intent goals also reported on to DCC on a quarterly basis.
<b>Financial</b>	
Monitor financial performance of each of the Group companies.	Continual monthly reviews of operating initiatives and financial performance of each of the Group companies have been undertaken, with Dunedin International Airport Ltd reviewed on a quarterly basis.
Monitor the capital structure of each Group Company.	The Company's Standard and Poor's long term credit rating was reaffirmed at AA in December 2018. The A1+ short term rating remained the same.  Reviews of capital structure within the Group were performed during the financial year.
Review the capital expenditure of each of the Group of companies for compliance and approval as required by Dunedin City Holdings Ltd.	Continual monthly reviews of capital expenditure of each of the Group companies have been undertaken, with Dunedin International Airport Ltd reviewed on a quarterly basis.
<b>Shareholders</b>	
Engage with the shareholder annually on opportunities for the Company and/or its subsidiaries to contribute, or assist where possible, with Council's community outcomes (as listed in the annual plan).	Consideration was given to the shareholder's expectations in the annual Company's Statement of Intent.
Engage with the shareholder regularly on the group's alignment with the Dunedin City Council Strategic Framework.	The Company regularly engages with the shareholder regarding the group's alignment with the Dunedin City Council Strategic Framework.
Bring to the attention of the shareholder any strategic or operational matters where there may be conflict between the Council's community outcomes and those of the Company and seek the shareholder's view on these.	There were no matters of conflict requiring escalation to the shareholder.
Encourage each Company within the Group to act as a socially and environmentally responsible corporate citizen.	Reviews of the activities undertaken by the Group companies for purposes of being a socially and environmentally responsible corporate citizen have been undertaken throughout the year.
Keep the shareholders informed of all substantive matters.	All substantive matters were reported to the shareholder within 24 hours of the Dunedin City Holdings Ltd board becoming aware of them.

## Parent Financial Forecasts

	\$,000		\$,000
Shareholder's funds to total assets	53%	Shareholder's funds to total assets	55%
Interest paid to shareholder	5,902	Interest paid to shareholder	5,902
Dividend distributions	-	Dividend distributions	-
Net profit after tax	-	Net profit after tax	3,347
Cash flow from operations	128	Cash flow from operations	3,215
Term loans	25,800	Term loans	19,800
Contributions of equity	2,550	Contributions of equity	2,550

## Parent Achievement

Group Performance Targets	Group Outcome Achieved
<b>Objectives</b>	
Subsidiaries have the required policies in place to be compliant with the Dunedin City Council Treasury Risk Management Policy.	There were no breaches of the Dunedin City Council Treasury Risk Management Policy.
Corporate Governance policies and procedures reflect best practice.	Confirmed that all group companies have appropriate Corporate Governance policies in place and they are reviewed on a regular basis.
Business Continuity Plans are in place.	Confirmed that all group companies have Business Continuity Plans in place or in progress, and they are reviewed at least annually.
Health and Safety is best practice.	Confirmed that all group companies have appropriate Health and Safety policies and procedures in place and they are reviewed at least annually.
Risk management structures are sound.	Confirmed that all group companies have appropriate risk management structures in place and they are reviewed at least annually.
Statutory and Regulatory is best practice with no urgent outstanding issues on Audit Reports.	Confirmed that all group companies are in the process of resolving any urgent outstanding audit issues from the prior year.

## Group Financial Forecasts

	\$,000		\$,000
Shareholder's funds to total assets	27%	Shareholder's funds to total assets	25%
Interest paid to shareholder	5,902	Interest paid to shareholder	5,902
Dividend distributions	-	Dividend distributions	-
Net profit after tax	5,071	Net profit after tax	4,186
Cash flow from operations	43,077	Cash flow from operations	31,616
Capital expenditure	87,434	Capital expenditure	81,475
Term loans	658,000	Term loans	690,596

## Group Achievement

## Aurora Energy Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Aurora Energy Limited, and the results achieved for the Year Ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
<b>Economic</b>	
<b>Network Operations</b>	
Consumer connections (ICP count) 89,000 average per annum.	Achieved. Total customer connections were 90,419 as at 31 March 2019.
Load factor % $\geq$ 54.00% energy into network/peak kW hours.	Achieved - 54%
Capacity utilisation % $\geq$ 30.0% peak network kW/installed distribution transformer capacity kVA.	Achieved - 31%
Customer responsiveness – achieve average network restoration times of < 4 hours for urban customers and < 6 hours for rural customers. $\leq$ 60 number of events outside urban and rural restoration targets that resulted in service payments to customers.	Achieved – 60 events occurred outside of restoration targets that resulted in service payments being made.
<b>Network Reliability</b>	
Statement of Intent Targets – Period ended 31 March 2019	
SAIDI (System Average Interruption Duration Index)	
Class B interruptions planned $\leq$ 146.00 minutes	Achieved – 77.15 minutes
Class C interruptions unplanned $\leq$ 111.00 minutes	Achieved – 108.34* minutes
Total $\leq$ 257.00 minutes	Achieved – 185.49 minutes
SAIFI (System Average Interruption Frequency Index)	
Class B interruptions planned $\leq$ 0.72	Achieved - 0.37 interruptions
Class C interruptions unplanned $\leq$ 2.05	Achieved – 1.75* interruptions
Total $\leq$ 2.77	Achieved – 2.12 interruptions
	*Class C SAIDI and SAIFI are expressed as normalised figures. Regulatory reporting allows for the effect of extreme events to be removed, resulting in normalised figures that are compared against target. The raw results for Class C SAIDI and SAIFI were 168.00 minutes and 1.89 interruptions respectively.
<b>Economic Development</b>	
Promote economic development by providing essential electricity infrastructure to support the council's strategy to be one of the world's great small cities.	Achieved. Safety and Network Reliability targets were achieved*.
	*Refer to Safety & Network Reliability targets.
<b>Shareholder Objectives</b>	
Engage with the Shareholder annually on opportunities for the Company to contribute, or assist where possible, with Council's community outcomes (as listed in the Annual Plan). Consult with the Shareholder on matters to be included in the Company's Statement of Intent.	2019-2020 Statement of Intent has been submitted and approved.
Bring to the attention of the Shareholder any strategic or operational matters where there may be a conflict between the Council's community outcomes and those of the Company.	Issues of potential strategic or operational conflicts were notified to the Shareholder.

## Health, Safety, Community and Environmental Objectives

### Health and Safety

Zero serious harm events involving members of the public

Achieved. There were no serious harm incidents during the year involving members of the public.

Reduce levels of recordable harm.  $\leq 4.50$  total recordable injury frequency rate (TRIFR) per 200,000 hours worked.

Achieved. Aurora Energy and its largest contractors achieved a TRIFR of 4.0 per 200,000 hours worked during the year.

### Community

Maintain community support with \$20,000 of sponsorship per annum and community initiatives including the street art programme on Aurora Energy assets

Achieved. \$35,800 was spent in support of community initiatives during the year. Aurora's main community sponsorship was the Southern Lakes Festival of Colour.

Promote uptake of electronic vehicles with at least three public charging facilities connected to Aurora network.

Achieved. There are at least seven public fast chargers connected to the network.

Partner with Department of Conservation in the NZ Falcon conservation project aimed at reducing risk of bird electrocution with network design standards updated to include FalconSafe requirements for all new installations.

Achieved. FalconSafe network design standards incorporated on all new installations across the business.

### Environment

No transgression of the environmental and resource law occurs.

Achieved. There were no Resource Management Act breaches during the year.

## Financial

### Objectives

Financial results before \$5.0 million provision for historical network reliability breaches

#### Target

#### Results

	\$,000		\$'000
EBITDA	21,440	Achieved	21,479
Net surplus after tax	(6,753)	Achieved	(5,943)
Shareholder's funds	184,174	Achieved	184,576
Shareholder's funds to total assets	32%	Achieved	32%

Financial results after \$5.0 million provision for historical network reliability breaches

#### Target

#### Results

	\$,000		\$'000
EBITDA	21,440	Not achieved	16,479
Net surplus after tax	(6,753)	Not achieved	(10,943)
Shareholder's funds	184,174	Not achieved	179,576
Shareholder's funds to total assets	32%	Not achieved	31%

### Financial results - other

	\$,000		\$,000
Cash flow from operations	17,651	Not achieved	16,887
Capital expenditure	66,568	Not achieved	62,040
Term debt	$\leq 307,415$	Achieved	301,350

## City Forests Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for City Forests Limited, and the results achieved for the year ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
<b>General</b>	
The Company will achieve a 6% post-tax (or greater) return on shareholders' funds measured on a three year rolling average basis.	Three year rolling average return on shareholders' funds is 14.3%.
A review of the Company's long term strategic plan will have been completed which meets the objective of a 6% post-tax return on shareholders' funds measured on a three year rolling average basis.	Strategy day held on 25th June 2019. The Company's long term strategic plan was reviewed and adopted by the shareholder during the annual budget and statement of intent process. The plan incorporates a return on shareholders' funds of; 6.9%, 6.3% and 6.5% for the first three years measured on a forecast three year rolling average basis.
Opportunities for expanding the Company's scale will have been investigated including joint ventures. The company will report annually on the hectares of land acquired / divested including joint ventures.	The strategic plan incorporates a forest estate expansion program. Six new property purchases total 1003.5ha occurred during the year. No divestments occurred.
No single customer will have received more than 30% of the Company's annual harvest by volume.	Our largest customer Pan Pac Otago Limited received 6.7% of the Company's annual harvest volume.
The Company's sales agency will diversify export sales by geographic market destination and by customer which will be reported annually.	Export volume was shipped to: South Korea: 39.8% spread across 34 customers. China: 60.2% spread across 12 customers.
The Company will realise financial opportunities from the sale of carbon stored in the Company forests, in compliance with carbon policy.	The Company has regularly monitored Carbon sales price during the period and considered its Carbon Sales policy at board level. 300,000 NZU sales occurred during the period.
The Company will balance its exposure to domestic and export revenues taking into account market risk and product margin. The percentage annual supply to the domestic market by volume will be tracked.	Domestic log production was 28.9% by volume. (38.1% last year). Export log sales were 71.1% by volume.
The Company will incorporate Carbon accounting in the strategic plan in accordance with the New Zealand Emissions Trading Scheme (ETS).	The Company's strategy plan incorporates Carbon sales. The future Carbon sequestration and surrender obligations forecast in accordance with the Company's ETS obligations are recognised in the Forest Valuation and Strategic 10 year plan.
The Company will meet its annual supply commitments to domestic customers taking into account agreed variations.	On an annualised basis all customers received their contracted volumes within plus or minus 10%. A number of domestic supply commitments were varied during the year at the request of the customer.
The Company will meet its volume and log quality commitments to export shipping and export customer contracts.	All export commitments were met however purchase wood volumes were needed to supplement Company production for some shipments.
The annual harvest as detailed in the strategic plan will be within +/- 20% of the long term sustainable yield.	The annual harvest from the Company forest estate during the year was 336,374m <sup>3</sup> including billet wood. This is 101.6% of the sustainable yield of 330,923m <sup>3</sup> . Forecast harvest levels in the long term strategic plan for the next 3 years are; 337,028m <sup>3</sup> , 330,923m <sup>3</sup> and 330,923m <sup>3</sup> . All are within +/- 20% of the sustainable yield.
The Company will carry out annual forest inventory to measure and verify forest yield. The number of inventory plots measured will be reported.	The Company completed 500 inventory plots during the period.
An annual forest health surveillance program will be in place to assess the forest estate for pests and diseases, as part of the National Surveillance Program.	The forest industry wide biosecurity surveillance program was operational during the year. No new incursions were reported in the Company estate.

The annual fire plan will be updated and operational by September each year.

The Company will actively participate in regional land use and environmental planning processes.

The Company will have reviewed the best species and silvicultural management plan to apply to annual operational areas. The Company will report annually on percentage of pruned area by forest as a percentage of stocked P.rad area.

The Company will participate in Industry Research Consortia (via the Forest levy) to ensure research objectives are in line with Company Strategy and to gain financial leverage to receive research objectives.

At least one new forest management technique will be introduced as a result of research findings.

The Company will participate in environmental research to minimise the use of chemicals in compliance with FSC Standards and Requirements.

The Company will maintain supply arrangements with Otago and Southland wood processors provided customers match (or better) alternative supply options.

Annual supply volumes to major wood processors (Pan Pac, Craigpine, Niagara & Daiken) will be tracked and reported.

The volume of wood supplied to Bioenergy uses will be tracked and reported.

Lost time accident rates (12 month rolling average) for staff and forest contractors will be reduced to a maximum of 15 lost time injuries per 1,000,000 hours.

The Company will undertake drug and alcohol testing of staff and the contract workforce. The number of random tests and percentage of positive tests will be reported.

Maintain Forest Stewardship Council Certification of the Company's forests.

A current forest management plan will be in place (as required by FSC standards) which identifies social and environmental, as well as economic outputs.

Fire plan update was completed in September 2018 prior to the start of the fire season.

The Company actively participated with the Otago Regional Council's implementation of the National Environmental Standard for Plantation Forestry.

A comprehensive forest growing performance improvement program continued during the year incorporating input from Scion lead researchers and consultants. Pruned P.rad Percentage by Forest is:

Silverpeaks	63%
Flagstaff	73%
Waipori	25%
Tokoiti	42%
Total	43%

The Company has paid the Forest Growers Levy. Two staff are members of committees (through the Forest Owners Association) which are part of the process of allocating levy research funds. The Company Forest Levy contribution is pooled with industry and Government funds achieving considerable financial leverage enabling significant research to be undertaken.

Forest genetic review was undertaken and establishment plans have been modified to increase site productivity as a result of the results. A significant long term productivity trial is established in Tokoiti Forest.

Company staff are represented on the Forest Owners Association, Forest Environment Committee which recommends and monitors Forest Industry Levy research spend on chemical trials.

Otago and Southland wood processors receive supply volumes in accordance with the annual plan. Pricing is negotiated each quarter. Customers have been given the option to decline or reduce supply if they are unable to match returns from alternative supply options (log export) and this occurred by agreement with some customers for periods during the year.

Otago & Southland wood processors were supplied the following volumes during the period:

Pan Pac:	22,560m <sup>3</sup>
Craigpine:	12,327m <sup>3</sup>
Niagara:	888m <sup>3</sup>
Hollows:	9,113m <sup>3</sup>
Daiken:	14,337m <sup>3</sup>
Bioenergy:	12,339m <sup>3</sup>

12 month rolling lost time accident rate for staff and forest contractors was 0.0 lost time injuries per 1,000,000 hours. (31.7 last year).

87 tests were conducted during the period. One positive random test was recorded, being 1.15%.

Forest Stewardship Council Certification was maintained following audit in 2018.

The Company has a set of comprehensive forest management plans that have been externally audited as part of the Company maintaining FSC certification.



The Company will work with partners (DoC, University of Otago etc) to maintain and enhance threatened and endangered (RT&E) species on and around the Company estate. Sponsorship amounts for these activities will be reported annually.

The Company will have in place an environmental management system which will include procedures for sustainability monitoring. Results of water sampling and reserve area environmental assessments will be publicly available on the Company's website.

Company and Contract employees will have a training plan in place. The company will report on the number of National Certificates achieved by its workforce each year.

The Company will engage with its contractors to participate in Modern Apprenticeship programs. The number of apprentices working in Company operations will be reported each year.

Each harvesting crew will utilise trained; tree fellers, breaker outs and log makers.

There will be "nil" instances of non-compliance with the Company's EEO policy.

The Company's forest management plans will have a section allocated to Recreation and Educational use of the forests.

The Company will maintain a Forest Access Permit system, track and report on recreational use statistics.

The Company will track and report on the distance of public walking and mountain bike tracks in the Company's forests.

To contribute to, or assist where possible, with the Dunedin City Council community outcomes (as listed in the Annual Plan). The Company will be mindful the ultimate shareholder is the custodian of the community's interest and accepts that a greater need for consultation may be required.

Kaitiakitanga (Guardianship and Protection). To maintain and grow the forest estate for future generations of Dunedin Ratepayers. A continued and measured expansion of the forest estate will be part of Company Strategy, actioned and tracked annually.

Sponsorship of \$15,000 was awarded to Predator Free Dunedin to contribute towards conservation of rare threatened and endangered (RT&E) species on and around the Company estate.

An environmental management system is in place with on-going monitoring of environmental values. This is available on the Company's website and includes water, soil disturbance and reserve biodiversity monitoring.

Company Staff, Contractors and their employees achieved 8 National Certificates during the year.

At 30 June 2019 no modern apprentices were employed in Company operations as all have completed their apprenticeships.

Each harvest crew has multiple trained employees for all three listed tasks. A training matrix is in place to track compliance.

There were no instances of non-compliance with the Company's EEO policy.

The Company's forest management plans have sections allocated to recreation and education.

Recreation use is monitored through forest access permit issuance. 306 forest access permits were issued during the year.

The Company has 19.3 km of walking tracks and 23.2km of mountain bike tracks in its forests.

The Company's financial, sustainability, environmental and recreational achievements compliment the annual plan and are reported quarterly by exception to the ultimate shareholder (DCC) by the Dunedin City Holdings Limited. No issues of conflict with the DCC Annual plan have been identified and therefore no additional consultation has been required.

Company has purchased 1016.7ha of land during the period incorporating approximately 38ha of standing forest.

## Financial

### Targets

	\$'000
Profit before income tax	15,028
Profit after income tax	10,814
Shareholder's equity	152,352
Normal dividend	6,500
Special dividend	-
Operating cashflow	9,800
Capex	5,800
Term debt	17,000

### Achievements

	\$'000
Profit before income tax	34,768
Profit after income tax	25,232
Shareholder's equity	184,759
Normal dividend	6,500
Special dividend	1,500
Operating cashflow	13,578
Capex	8,930
Term debt	13,600

## Delta Utility Services Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Delta Utility Services Limited, and the results achieved for the year ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
<b>The Shareholder</b>	
Consult with the Shareholder on matters to be included in the Company's Statement of Intent.	Achieved. The Statement of Intent for the 2019 financial year was submitted to and accepted by DCHL prior to 30 June 2018.
Consult with the Shareholder at the earliest possible time on matters where conflict may or could result.	Achieved. Monthly KPI reports and financial information was provided to DCHL in line with the agreed timetable.
Keep the Shareholder informed of all substantive matters.	Achieved. Board reports were produced and meetings were held each month to review the Company's compliance with goals and objectives stated in the SOI and Strategic Plan.
<b>Community, People, Safety and Environment</b>	
<i>Community</i>	
Make positive contribution to our community with \$25,000 of sponsorship/donations per annum.	Achieved. Over \$30,000 was paid in sponsorship/donations to community groups during the year.
Support community recreation and visitor experience in Dunedin by achieving KPIs on service contracts.	Achieved. Target KPIs were maintained or exceeded on average throughout the year.
<i>People</i>	
Develop skill sets and succession planning through Delta's apprenticeship scheme. Average number of apprentices in the scheme of 10 or more per annum.	Achieved. The average apprentices in the scheme was over 34 during the period.
Maintain the health and wellbeing of staff. Lower than 2.5% sick leave based on hours.	Achieved. Staff sick leave was 1.7% of total hours during the year.
Maintain a positive and satisfying working environment with low levels of voluntary staff turnover. Below 15.0% staff turnover.	Achieved. Voluntary staff turnover was 13.4% over the 2018/19 year.
<i>Safety</i>	
Reduce harm to employees and contractors.	
≤ 4.50 total recordable injury frequency rate (TRIFR) per 200,000 hours worked.	Not achieved. TRIFR for the year was 4.90 per 200,000 hours worked.
≤ 1.00 total lost time injury frequency rate (LTIFR) per 200,000 hours worked.	Not achieved. LTIFR for the year was 1.68 per 200,000 hours worked.
<i>Environment</i>	
Maintain all existing environmental accreditations held during the year.	Achieved. All environmental accreditations were maintained.
Maintain full compliance with the Resource Management Act (RMA). 0 – number of breaches.	Achieved. There were no RMA breaches during the year.
Maintain or lower fuel efficiency to ≤ 9.50 litres fuel used per 100 kilometres.	Not achieved. Fuel efficiency across the Delta light commercial fleet was calculated at 9.70 litres per 100 kilometres.
<i>Economic</i>	
Maintain essential infrastructure to support Dunedin City Council's strategy to be one of the world's great small cities. Deliver maintenance services per contractual arrangements.	Achieved. Delta met or exceeded its KPIs on contracts held with Aurora Energy and the Dunedin City Council throughout the year.

Financial			
	\$'000		\$'000
EBITDA	8,645	Not achieved	6,675
Net profit after income tax	2,357	Not achieved	1,922
Shareholder's equity	21,825	Achieved	22,581
Cash flow from operations	5,846	Not achieved	5,223
Capital expenditure	7,167	Achieved	5,245
Term debt	24,455	Not achieved	25,350
Dividends	1,500	Achieved	1,500
Shareholder's equity to total assets	35%	Achieved	37%

## Dunedin City Treasury Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin City Treasury Limited, and the results achieved for the year ended 30 June 2019 are as follows.

Performance Targets		Outcome Achieved	
Economic			
Zero breaches of the policies pertaining to Dunedin City Treasury Limited.		Achieved. There were no breaches of policies pertaining to Dunedin City Treasury Limited.	
All funds comply with the DCC Treasury Risk Management Policy's maturity profile of borrowing.		Achieved. The funds maturity complied with the DCC Treasury Risk Management Policy's maturity profile of borrowing, throughout the year.	
All funds invested outside the DCC Group have satisfied the DCC Treasury Risk Management Policy.		Achieved. All funds invested outside the DCC Group have satisfied the DCC Treasury Risk Management Policy.	
Continued maintenance to an interest rate reset profile in accordance with the DCC Treasury Risk Management Policy.		Achieved. Funds have been maintained to an interest rate reset profile in accordance with the DCC Treasury Risk Management Policy.	
Regular reporting of the Company's achievement against defined benchmarks.		Achieved. Reporting achievements against defined benchmarks are provided to the Board monthly and quarterly.	
Manage the 'Waipori Fund' as set by Council and meet performance benchmarks.		Achieved - The 'Waipori Fund' recorded a return for the year of \$8,571,106 which is a return of 9.8%. After deduction of inflation of 1.5%, the 'real' return is 8.3%.	
Advise shareholder within one business day of any breaches of policy.		Achieved. There were no breaches of policy that were required to be reported to the shareholder.	
Advise shareholder within 24 hours of any substantive matter.		Achieved. There were no substantive matters to be reported to the shareholder.	
Financial			
Targets		Achievement	
	\$'000		\$'000
Net profit after tax	10	Net profit after tax	3
Cash flow from operations	1	Cash flow from operations	1,759
Capital expenditure	-	Capital expenditure	-
Term loans	658,000	Term loans	690,596
Shareholder's funds to total assets	0.4%	Shareholder's funds to total assets	-4.9%

## Dunedin International Airport Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin International Airport Limited, and the results achieved for the Year Ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
<b>Safety and Compliance</b>	
<b>TO MAKE SAFETY AND SECURITY OUR FIRST PRIORITY</b>	
<i>To work with our staff and stakeholders to maximise safety on site for all staff and visitors.</i>	
Achieve Safety Management System (SMS) approval by CAA. Achieved	SMS Certification issued by CAA on 29 March 2019.
CEO to seek to be a member of the Business Leaders Health & Safety Forum. Achieved	The airport CEO is a member of the Business Leaders Health & Safety Forum and attended three meetings this year.
Implement a minimum of three health and safety initiatives aimed at promoting incident reporting. Achieved	Three health and safety initiatives were carried out in the current year including:  The roll out of our 'VAULT' reporting platform in conjunction with SMS,  The introduction of key stakeholder's health and safety representatives to the wider airport community through personal interaction with tenants, and  The implementation of a targeted approach to celebrating early and close call reporting.
Review the Health and Safety Plan and objectives with the Health and Safety Committee each year. Achieved	The Health and Safety plan, hazards and objectives were reviewed by the Health and Safety Committee at each committee meeting.
Hold a minimum of four Board Health and Safety Committee meetings and two Board site audits each year. Achieved	The Health and Safety Board held quarterly health and safety meetings during the year and completed site visits at the airport fire station, the Momona Garage and Terminal Expansion Program (TXP).
Hold a minimum of four airport Health and Safety Committee meetings each year. Achieved	Four H&S meetings were conducted in the year.
Report on health and safety management and provide statistical data to the company's monthly board meetings and quarterly Board Health & Safety Committee meetings. Achieved	Health and Safety management is reported via: <ul style="list-style-type: none"> <li>• Monthly Board Reports with both statistical data and commentary via Health and Safety dashboard</li> <li>• Safety alerts and memos issued to relevant stakeholders</li> <li>• Quarterly Board H&amp;S committee meetings allowing an oversight at governance level</li> </ul>
Attend our stakeholder's Health and Safety meetings each year. Achieved	The airport Safety and Compliance Manager attend Health and Safety meetings of all major stakeholders, including, but not limited to:  Airways NZ Air NZ Aviation Security
<b>Maintain our CAA Part 139 operating certificate.</b>	
Successfully achieve compliance in our annual CAA safety and security audits with no major findings. Achieved	CAA Safety Surveillance audit was completed on 18 December 2018 with no findings.  CAA Security audit was completed on the 22 May with no major findings.
<b>Proactively manage Wildlife Hazards</b>	
Complete a Wildlife Hazard management review. Achieved	Review of the Wildlife Hazard Management Plan has been completed during the year, resulting in no significant changes to the plan.

Strike Rate in line with Wildlife Hazard Management review recommendations. Achieved

The 12-month moving average strike rate for the year ending June 2019 was 2.5 strikes per 10,000 aircraft movements. This is below the limit of 5 outlined in the Wildlife Hazard Management Plan.

**Maintain food hygiene standards at Momona Garage.**

Maintain grade 'A' food hygiene certificate. Achieved

The Dunedin City Council (DCC) carried out the annual inspection of the Momona Garage and a Grade A certificate issued through to 31 July 2019.

**TO BE ENVIRONMENTALLY RESPONSIBLE**

**Maintain our obligations on any current resource consents in place.**

Report as required to the Otago Regional Council each year on bore water consent RM 11.369.01. Achieved

The annual report for consent RM 11.369.01 for bore water was submitted to the Otago Regional Council (ORC) in August 2018. The report was accepted with no issues raised.

Report as required to the Otago Regional Council on sewage discharge consent 2004.309. Achieved

Monthly reporting and an annual report for consent 2004.309 for sewage discharge was issued to the ORC in May 2019 covering the 2019 consent year. The report was accepted.

Maintain voluntary annual reporting to the Otago Regional Council on de-icing fluid usage at the airport. Achieved

The 2018 usage report was submitted and accepted by the ORC in February 2019.

**Maintain high quality dairy farming practices.**

No 'Critical' findings raised by any Fonterra dairy farm inspections. Achieved

Both of the airport's dairy farms were inspected by Fonterra in April 2019 with no critical findings.

**Financial**

**TO OPTIMISE COMMERCIAL RETURN TO OUR SHAREHOLDERS**

**Achieve increased non-aeronautical revenues from activities compared to the previous year.**

Increase total passenger related non-aeronautical revenue by a minimum of 2.0%. Achieved

Passenger related non-aeronautical revenue (which encompasses the carpark and Momona garage income streams) was 6.0% above last year.

The primary reason for this increase was an 10.1% increase in revenue from the airport carpark. There was no increase in parking fees during the year.

Offsetting this increase was a 0.8% decrease in revenue derived from the airport owned Momona garage. Despite the average fuel price increasing from \$1.72 in the prior year to \$1.86 for the 2018-2019 financial year, a 1.9% decrease in the volume of litres sold resulted in the decrease in revenue.

**Comply with financial covenants and policy.**

Fulfil lender borrowing facility financial covenants:

Equity Ratio (total equity over total assets) > 40%. Achieved

As at 30 June 2019 the airport's Equity Ratio was 67.3%

Earnings Ratio (EBITDA over interest) > 1.7. Achieved

For the year ended 30 June 2019 the airport's earnings ratio was 18.5

Comply with the company's Dividend Policy. Not Achieved

The airport's dividend policy is to distribute 60% of the operating surplus after income taxation (adjusted for fair value movements in equity investments) to shareholders as a dividend. In the current year the dividend declared and distributed, which related to the 2017 – 2018 financial year, was 41% of the 2017 – 2018 adjusted operating surplus after taxation.

The decision not to distribute based on policy was made due to the significant capital investment program for the 2018-2019 financial year and the associated cashflow requirements.

Comply with the company's Treasury Policy. Not Achieved

During certain months of the year the airport operated outside the parameters outlined in the Treasury Policy with regard to the percentage of Monthly Forecast Net Debt together with associated derivatives (e.g. interest rate swaps) that have fixed interest rates.

These breaches were caused by airport debt not reaching forecast levels.

Generate a Return on Shareholders' Funds excluding reserves > 7.5%. Achieved

There were no other breaches of the Treasury Policy.

The Return on Shareholders' Funds (excluding the Hedge and Revaluation Reserves) for the year ended 30 June 2019 is 12.0%.

Generate a Return on Shareholders' Capital invested > 25%. Achieved

The Return on Shareholders' Capital for the year ended 30 June 2019 is 40.8%

***On-going monitoring and refinement of the company's risk strategy.***

Six monthly risk analysis undertaken and reported to the board. Achieved

All corporate and operational business risks are reviewed on a six-monthly basis by the members of the airport's executive management team and the Safety and Compliance Manager.

The Risk Analysis Report for the six months ended December 2019, and June 2019 were distributed to the Board and analysed at subsequent Board meetings.

## Business Development

### INCREASE PASSENGER NUMBERS

***Partner with our airline, airport, city and tourism industry.***

Invest in strategic route development opportunities. Achieved

In February 2019 we undertook the development and implementation of strategy to promote the Lower South of NZ into the Queensland market. This involved working with eight RTOs, trade partners and Virgin Australia.

Invest in a minimum of two domestic and two international promotional campaigns a year jointly with airlines and/ or our industry partners. Achieved

#### International Campaigns

Outbound – three campaigns with ongoing radio and social media advertising through MediaWorks.

We completed one campaign with MediaWorks to promote DUD-BNE service, with one campaign still running in market.

Inbound – Lower South Strategy of which two campaigns have been delivered so far.

#### Domestic Campaigns

We completed three campaigns with Air NZ including a significant above the line campaign in September 2018 which included digital and print media activity.

We also completed a campaign promoting our Dunedin – Wellington service which involved both Enterprise Dunedin and WREDA.

Conduct consumer research to monitor awareness of our destination in Queensland. Achieved

As part of the Lower South strategy, we conducted customer research in the Queensland market to inform and develop our campaigns.

### TO DEVELOP & STRENGTHEN OUR PARTNERSHIPS

***Implement initiatives to improve the performance of our commercial relationships.***

Conduct stakeholder engagement surveys once a year with our strategic partners to review the strength of the relationships. Achieved

We completed a stakeholder engagement survey in June 2019. The feedback we received from this survey indicated positive and productive relationships.

Develop a Relationship Plan to manage our key stakeholder relationships. Achieved

Over the year, the Relationship Plan has been monitored and updated as required by Executive and Senior Leadership teams.



## Our Customers

### TO PROVIDE THE BEST CUSTOMER SERVICE EXPERIENCE

#### *Provide a high standard of service to our customers.*

Produce quarterly reports from our continuous customer satisfaction surveys. Achieve “good” or better across all surveyed areas of customer service. Achieved

Customer services surveys have been run continuously through the terminal Wi-Fi and results were tracked quarterly and reported back to our Airport team and our business/ airline partners.

An average rating of “good” or better across all areas of customer service was achieved.

#### *Ensure all airside infrastructure maintenance causes no delays to airline operations.*

No delays to regular scheduled passenger operations. Achieved

There were no delays to regular passenger services due to maintenance of airport infrastructure.

#### *Ensure the future of the airport is protected.*

Promote the airports needs for inclusion in the Second-Generation District Plan. Achieved

The 2GDP was released in November 2018. We have submitted an appeal on Decision 724 which was lodged in December 2018. We continue to work on the appeal with the DCC.

Ensure any new development is considered in conjunction with the Airport Master Plan and customer service needs. Achieved

The Master Plan will be considered before any future projects are implemented.

## Our People

### TO BE A GREAT PLACE TO WORK

#### *To provide relevant training to our staff.*

Ensure recurrent safety training for all staff is provided. Achieved

All required recurrent safety and compliance training for staff has been undertaken which includes, but is not limited to:

First Aid refresher training

Basic Life Support/Pre-Hospital Emergency Care (PHEC) training for AES staff (refreshers and new staff)

Rescue Fire Annual Competency training

Rescue Fire Annual Hot Fire training

Recruit Firefighter

Qualified Fire Fighter

Elevated work platform (EWP) training

Confined Space training

Fire extinguisher training

Invest at least 0.1% of prior year operating revenue to staff training in line with Personal Development Plans. Achieved

Training spend to 30 June 2019 is \$103,744, which represents 0.6% of prior year operating revenue.

#### *To recognise and review staff performance.*

Each staff member to have a formal annual performance and objectives review. Achieved

All staff members had their Annual Employee Performance Review completed in the current year.

#### *Ensure that our staff are engaged with the company's Vision, Purpose and Values.*

Conduct an annual staff engagement survey. Achieved

An annual staff engagement survey was completed by staff in February 2019 and results have been presented to all staff.

## Our Community

### TO CONNECT & ENGAGE WITH OUR PLACE

#### *Provide sponsorship to community events and organisations.*

Invest 0.25% of prior year operating revenue to sponsorship in line with our sponsorship policy. Achieved

The sponsorship target for the 2018 – 2019 financial year was \$41,400.

Sponsorship spend to 30 June 2019 was \$45,358, representing 2.8% of prior year operating revenue

**Engage with our community and share information.**

Arrange for Dunedin Airport staff to work within the community once a year. Achieved

In September 2018 members of our airport team assisted the Yellow Eyed Penguin team with native planting on the Otago Peninsula.

Once again at Christmas we had Momona Playcentre visit the Airport. We hosted a morning tea for Playcentre children and a visit to the AES station.

For the second year in a row, we hosted the Run the Runway, a fundraising event for the Mosgiel Community Pool.

Initiate opportunities to speak to the community, stakeholders and organisations. Achieved

15 presentations were completed in the year to various groups and organisations across our region.

**Act as a socially and environmentally responsible corporate citizen.**

Develop and implement sustainable practices for our waste streams. Achieved

Tenant recycling was implemented in early 2018 resulting in 25% of our total waste now being diverted from landfill to recycling streams.

**Use NZ manufactured and/or supplied goods where possible.**

In accordance with the Procurement Policy, NZ manufactured or supplied goods will be used wherever possible. Achieved

No noted breaches.

**Shareholders****TO CONNECT & ENGAGE WITH OUR PLACE****Consult with shareholders on matters to be included in the company's Statement of Intent.**

Prepare annually the company's Statement of Intent having given consideration to shareholders expectations. Achieved

The Statement of Intent was submitted to shareholders for 2019 – 2020.

**Consult with shareholders at the earliest possible time on matters where conflict may or could result.**

Report to and consult with shareholders on matters where the company's and shareholders requirements are in conflict. Achieved

There have been no matters which have been reported to, or consulted with, shareholders.

**On a "no surprises" basis advise shareholders promptly of any substantive matter that has the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media.**

Report to shareholders within 24 hours substantive matters which have the potential to impact negatively on shareholders and the company with a particular focus on matters of interest to the media. Achieved

On a "no surprises" basis, all relevant matters have been reported to shareholders.

## Dunedin Stadium Property Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin Venues Limited, and the results achieved for the Year Ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
<b>Economic</b>	
Statement of Intent is consistent with the objectives of the shareholder.	Achieved. The Statement of Intent is consistent with the objectives of the shareholder.
Operating activities are compliant with the goals and objectives stated in the Statement of Intent.	Achieved. The operating activities of Dunedin Stadium Property Limited are compliant with the objectives stated in the Statement of Intent.
An Asset Management Plan is in place.	Achieved. An Asset Management Plan is in place.
Assets are maintained at an operational level.	Achieved.
Asset maintenance is compliant with the asset management timetable.	Asset repairs and maintenance were completed during the year, in line with the Asset Management Plan. The capital renewals budget of \$1,413,073 for the 2019 financial year has been deferred to the 2020 financial year, in accordance with the Asset Management Plan.
The Asset Management Plan is reviewed annually.	Achieved. The Asset Management Plan was reviewed and approved during the 2019 financial year.
Funding is in place to deliver on the Asset Management Plan.	Achieved. Funding is in place to deliver on the Asset Management Plan.
A debt repayment program is in place and is reviewed annually.	Achieved. A debt repayment program is in place and was reviewed during the 2019 financial year. The debt balance was reduced by \$1,550,000 to \$87,825,000 at the end of the financial year.
Consult with the shareholder where conflict with the Council's community outcomes may or could result.	Achieved. There were no matters requiring escalation to the shareholder.
To report matters of substance to the shareholder within 24 hours of the board becoming aware.	Achieved. There were no matters of substance to report to the shareholder.

<b>Financial</b>			
Targets		Achievements	
	<b>\$'000</b>		<b>\$'000</b>
EBITDA	3,565	EBITDA	3,385
Net profit (loss)	(7,504)	Net profit (loss)	(7,002)
Cash flow from operations	(721)	Cash flow from operations	(718)
Capital expenditure	1,460	Capital expenditure	-
Term loans	91,573	Term loans	87,825
Shareholder's funds to total assets	44%	Shareholder's funds to total assets	45%

The financial forecasts in the Statement of Intent were impacted by reduced subventions receipts. The Company continues to work with Dunedin City Holdings Limited and its subsidiary companies on maintaining the cash funding model that has been in place through subvention receipts. The operating loss before subventions for the year of \$8,677,000 is consistent with the budgeted operating loss before subventions of \$9,369,000.

## Dunedin Venues Management Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin Venues Management Limited, and the results achieved for the Year Ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
Safety and Compliance	
Minimum of 11 Health and Safety Committee meetings held per year.	The Health and Safety Committee formally met on ten occasions.
Health and Safety Plan has been reviewed.	The current Safety and Wellness Strategic Plan has been reviewed by the Health and Safety Committee during the year.
Conduct a staff survey to gauge their understanding on Health and Safety procedures.	The improvement initiatives from the 2018 staff survey have been implemented through the Health and Safety policies, committees, and Health and Safety strategic plan.
Lost Time Incident rate of less than two.	The Lost Time Incident Rate was one for the reporting period.
Lost Time Incident Frequency Rate of less than 65.	The Lost Time Incident Frequency Rate was 11 for the reporting period.
Total Recordable Incidents Rate of less than three.	The Total Recordable Incidents was one for the reporting period.
Total Incident Rate of less than six incidents per 200,000 hours worked.	The Total Incident Rate was 5.2 incidents per 200,000 hours worked.
A Incident Frequency Rate Events of less than 0.05% of the total number of people attending events and the venues.	The Incident Frequency Rate was 0.045% of the total number of people attending events and the venues.
Facilities and infrastructure are maintained as fit for purpose and in accordance with the Asset Management Plan (AMP) entered into with Dunedin Stadium Property Limited (DSPL).	To ensure Forsyth Barr Stadium complies with the AMP entered into with DSPL, DVML undertakes the following:  Ensure all warranties and compliance at Forsyth Barr Stadium are maintained as per manufacturers specifications and or local legislation.  Provide to DSPL for each board meeting updates on the AMP, warranty and compliance and any significant maintenance undertaken.  Review and assess planned renewals as per the AMP and incorporate any works required into annual plans.  Engage respected service providers to carry out works as part of Service Level Agreements.
Completed independent annual safety audit and any improvements/recommendations are implemented.	The SafePlus Audit is scheduled for November 2019 as recommended.
DVML is not in breach of any statutory obligations.	There were no identified breaches of statutory obligations during the year.
Financial	
Achieve budget results.	Achievement against forecasted SOI results are as follows:
Targets	Achievements

Achieve a 15:1 return on investment of the Event Attraction Fund.

The overall return on investment of the Event Attraction Fund for 2018/19 was:

Event	Return
Kendrick Lamar*	33:1
P!NK	140:1
Shania Twain	61:1
Eagles	120:1
Six60	320:1
Total	96:1

\* For Kendrick Lamar an estimate has been made based on the economic impact of the Robbie Williams concert as no post-event survey was conducted.

A breakdown of the return on investment for the previous financial year was as follows:

Event	Return
Stevie Nicks	28:1
Roger Waters	30:1
Robbie Williams	25:1
Ed Sheeran	95:1
Total	61:1

No unplanned call on capital.

There has been no unplanned call on capital during the 2018/19 year.

### Marketing and Business Objectives

Improved contribution to DVML's financial performance and reputation for service excellence.

DVML continues to develop and enhance its event delivery across all sectors of the industry. P!NK was the largest audience ever hosted under the roof (37,943).

Forsyth Barr Stadium was a finalist in two categories, Best Venue and Best Emerging Event Professional at the New Zealand Events Association Awards and winning Best Emerging Event Professional.

This year's Women You Can Bank on sold out one month before the event.

The University of Otago Oval turf team received an award from New Zealand Cricket for Domestic Short Form Pitch of the Year; and the BLACKCAPS beat Bangladesh in front of a happy crowd of 4,300.

From major concerts alone, almost \$39 million was injected into the local economy. The Dunedin Centre hosted 20 multi-day conferences which netted the city \$2.62m in economic impact.

Increasing the number and value of hire days in DVML's venues.

There was a total of 610 events (2018: 540) representing 702 event days (2018: 676) during the year.

Continued development for monitoring effectiveness across all digital platforms.

DVML is developing a bespoke monitoring report to build on its current practices.

Engagement continues to be positive across all of our digital channels. The Facebook post announcing Queen and Adam Lambert playing at Forsyth Barr Stadium had the highest ever engagement on a post reaching an audience of more than 100,000 and over 6,000 comments, reactions and shares.

A full calendar of quality events across all DVML's venues that provide economic benefit and positive community engagement to Dunedin City.

There was a total of 610 events (2018: 540 events) representing 702 event days (2018: 676 event days).

Achieve 100 new memberships.

A total of 75 memberships were sold during the year (2018: 131).

Survey Commercial Partners for satisfaction level - minimum 80% satisfaction to be achieved.

The Commercial Partners' survey is scheduled for August 2019.

Survey Members for satisfaction level - minimum 80% satisfaction to be achieved.

The Members' survey is scheduled for August 2019.

### Human Resources

Attract and retain key staff.

Staff turnover was 30% for the year (2018: 17%).

Conduct a confidential staff survey, achieve 80% satisfaction and improvements /recommendations are implemented.

During the year, the Company conducted a confidential staff survey which focused on seeking employees' views and opinions on engagement and satisfaction. The survey showed that of all staff who responded, an average of 79% agreed (2018: 61%), 16% had a neutral opinion (2018: 24%), and 4% disagreed (2018: 15%) to the statements on engagement and satisfaction.

### Shareholder

Submit annually DVML's Statement of Intent having given consideration to Dunedin City Council's expectations.

DVML's Statement of Intent was submitted within Dunedin City Holdings Limited timeframes after taking into consideration the requirements of Dunedin City Holdings Limited.

Matters have been escalated to the shareholder.

There were no matters, where there may be conflict between the Dunedin City Holdings Limited outcomes, that required escalation to the shareholder.

Report to Dunedin City Holdings Limited within 24 hours of the Board becoming aware of substantive matters which have the potential to negatively impact on the shareholder and the company with a particular focus on matters of interest to the media.

There were no matters, which may have the potential to negatively impact on the shareholder and the company, that were required to be reported to Dunedin City Holdings Limited.

### Social and Wellbeing

Positive community feedback and less than two LGOIMA requests annually.

There were eight LGOIMA requests in the year to 30 June 2019 for DVML's action (2018: nil).

Report to the Dunedin City Council six monthly on the application of the Service Level Agreement for Community Event Funding to ensure it is applied efficiently and caters to a variety of events and community groups.

Two reports were provided to the Dunedin City Council on the application of the Service Level Agreement for Community Event Funding. One for the six months to 31 December 2018 and a further one for the full year to 30 June 2019.

Senior management conduct a minimum of five speaking engagements.

Senior management conducted 16 speaking engagements for the year.

### Economic Development Strategy

Achieve a minimum of \$5m visitor spend per each major event (>10,000 pax) for Dunedin City.

The Economic Impact for major events in the year to 30 June 2019 were as follows:

Event	Economic Benefit \$'000
Kendrick Lamar*	3,000
P!NK	14,000
Shania Twain	5,500
Eagles	12,000
Six60	4,000
Total	38,500

\* For Kendrick Lamar an estimate has been made based on the economic impact of the Robbie Williams concert as no post-event survey was conducted.

Achieve a minimum of \$5m visitor spend per each major event (>10,000 pax) for Dunedin City. (continued)

The Economic Impact for major events for the previous year was as follows:

Event	Economic Benefit \$'000
Stevie Nicks*	3,600
All Blacks v Australia	9,300
All Blacks v France*	9,300
Roger Waters	3,900
Robbie Williams	3,310
Ed Sheeran	37,900
Total	67,310

\* For Stevie Nicks an estimate has been made based on the economic impact of the Roger Waters concert as no post-event survey was conducted. For All Blacks v France, an estimate had been made in last year's report and figures are now confirmed from the post event survey reporting.

Achieve minimum 80% satisfaction rating through surveys of all major events (>10,000 pax).

The following satisfaction and attendance numbers were achieved in the year to June 2019:

60% of attendees of all major events (>10,000 pax) to come from outside of Dunedin City.

Event	Satisfaction	% Attend outside of Dunedin
Kendrick Lamar	N/A*	57%
P!NK	96%	69%
Shania Twain	94%	62%
BLACKCAPS v Bangladesh	N/A*	53%
Eagles	97%	61%
Six60	96%	42%

\* No post event surveys were conducted for these events.

The following satisfaction and attendance numbers were achieved in the previous year:

Event	Satisfaction	% Attend outside of Dunedin
Stevie Nicks	N/A*	63%
All Blacks v Australia	96%	60%
All Blacks v France	98%	63%
BLACKCAPS v Pakistan	N/A*	54%
BLACKCAPS v England	N/A*	48%
Roger Waters	96%	55%
Robbie Williams	96%	44%
Ed Sheeran 1	97%	60%
Ed Sheeran 2	96%	69%
Ed Sheeran 3	96%	68%

\* No post event surveys were conducted for these events.

DVML and Dunedin City is successful in attracting, securing and creating major events that gain positive exposure for Dunedin City, create economic benefit and serve the community's needs.

The Company bid for and secured five major concerts at Forsyth Barr Stadium; Kendrick Lamar, P!NK, Shania Twain, Eagles and Six60. These concerts brought more than 74,000 visitors to the city with a collective economic contribution of \$38.5m. The Bangladesh community came together to support their side as they faced the BLACKCAPS at University of Otago Oval. In addition to this, the Dunedin Centre hosted 20 conferences bringing more than 6,500 delegates to Dunedin and an economic injection of \$2.6m to the city. Two clients utilised the Otago Daily Times Stand at Forsyth Barr Stadium for a change from the regular gala dinner and enjoyed an international food market with theming and entertainment to match. The Labour Party hosted its conference in the city for the first time since 1988.

Environment Strategy	
Recycled waste is increased by 10% from the previous year.	The overall recycled waste by tonnes increased by 15% from the previous year.
Utilise low energy bulbs throughout all venues. Adjust timers on all lighting.	Over the last 12 months there has been over 100 fittings replaced with high efficiency LED fittings. In addition to this the light systems have been fitted with presence sensors, so they turn on and off as required.
Arts and Culture Strategy	
The number of community event days is increased from the previous year.	In both the 2018/19 and the 2017/18 years, the full value of the Community Event Funding was utilised by the community. In 2018/19 this resulted in a total of 47 events with 39,520 people attending or participating. In 2017/18 there was a total of 70 events with 36,856 people attending or participating.



## Dunedin Railways Limited

### Statement of service performance for the year ended 30 June 2019

The performance targets established in the 2018/19 Statement of Intent for Dunedin Railways Limited, and the results achieved for the Year Ended 30 June 2019 are as follows.

Performance Targets	Outcome Achieved
<b>General</b>	
Three Risk committee meetings and nine Staff H&S committee meetings held per year.	Three Risk committee meetings and ten Staff H&S committee meetings were held.
Conduct an internal audit of the Safety System and Risk Register.	Rewrite of the safety system underway at present.
Monthly board reports contain a Health and Safety report.	Monthly Health and Safety report included in board papers.
Pass the NZTA annual audit and maintain the Rail Service Licence.	NZTA assessment completed successfully and Rail service licence maintained.
Target Zero lost time injuries (LTI).	Two LTI's in the current year.
Revenue increasing year on year.	Revenue has increased in the current financial year.
Break even result is returned.	The year's result was a loss.
Invest in a minimum of two promotional campaigns a year with industry partners.	Continued to do industry joint promotions.
Carry at least 80,000 passengers per annum.	Annual Pax numbers were 78,214.
Two new business initiatives implemented to improve business performance.	Seasider operated daily at 2pm for the summer season and engineering contracting work undertaken.
Maintain at least an 85% Trip Advisor customer satisfaction rating & 4.5 in overall satisfaction on our in-house customer survey.	Trip Advisor satisfaction level of 4.5/5, 90% achieved. In-house customer survey was not conducted during the year.
No recorded significant delays to regular scheduled train trips.	No significant delays or unplanned extended closures were experienced during the year.
Maintain an Asset Management Plan.	Asset management plans in place and maintained.
The Board and/or Management of the company to have engaged with Shareholders in the last year.	The Board and Management have engaged with the shareholders in the last year.
All relevant matters that have been escalated to shareholders.	All relevant matters have been escalated to shareholders.
All substantive matters to be reported to shareholders within 24 hours.	No substantive matters required to be reported in the current year.
Volunteers provide customer service on-board cruise ship trains.	Continue to host cruise ship trains successfully with volunteers providing outstanding customer service.
Record the number of train tickets given to community organisations/events and maintain relationships with organisations for charity events.	Continue to provide opportunities for community organisations and events to fundraise utilising spare capacity on trains.
Help DCC facilitate the use of the Railway Station for community activities.	Worked with DCC to assist with activities at the Railway Station.
Grow the number of non-Dunedin resident passengers.	Current year revenue growth has grown on non-Dunedin resident passengers.
Take part in at least one Enterprise Dunedin initiative with IMA involvement per annum.	No opportunities presented in the current year but will be doing so in the coming year.
Take part in Enterprise Dunedin marketing activities.	Hosted famils for Enterprise Dunedin and also attended TRENZ with Enterprise Dunedin.
Maintain active memberships of Dunedin Host and the Otago Chamber of Commerce.	Continued memberships of both organisations.
Initiate two new environmental initiatives per annum.	Cruise ship lunch boxes now all recyclable and replaced single serve water bottles to reduce waste.
Work with ID Fashion for their event at Dunedin Railway Station.	Event no longer held at the Railway Station.

Continued use of costumed Dunedin Railway Station ambassadors.

Maintain heritage aspects of the Taieri Gorge.

Where practical investigate and implement actions to reduce the dependence on diesel.

Retain accessible carriage and access ramps.

Access to Dunedin Railway Station and the precinct at Middlemarch is maintained.

Continuation of the tourism link to the start/finish of the Otago Central Rail Trail and other centres.

Ambassadors have continued to be involved on cruise ship days at the Railway Station.

Working on preserving some Sutton Station etchings to be removed, tidied and then redisplaying these.

Continuing to investigate but at this time no viable alternatives available.

Car P has wheelchair access and we also use access ramps.

Continued access to both areas has been maintained.

Tourist link is provided by the linkage with Rail Trail operators.

# Statement of compliance and responsibility

## Compliance

The Council and Management of the Dunedin City Council confirm that all statutory requirements of Schedule 10 Part 3 of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

## Responsibility

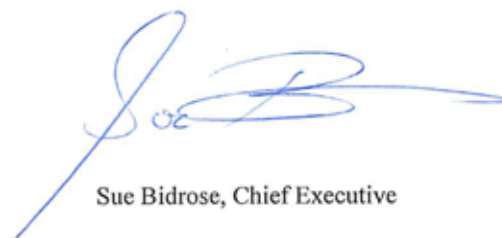
The Council and Management of the Dunedin City Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and Management of the Dunedin City Council accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of the Dunedin City Council, the annual Financial Statements 30 June 2019 fairly reflects the financial position and operations of the Dunedin City Council.



Dave Cull, Mayor of Dunedin



Sue Bidrose, Chief Executive

# Independent Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## To the readers of Dunedin City Council's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of Dunedin City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 8 October 2019. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 68 to 73 and 75 to 129:
  - » present fairly, in all material respects:
    - the City Council and Group's financial position as at 30 June 2019;
    - the results of the operations and cash flows for the year ended on that date; and
  - » comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards;
- the funding impact statement on page 74, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan;
- the statement of service performance on pages 18 to 23, 25 to 27, 29 to 30, 33 to 34, 36 to 37, 40 to 41, 44 to 47, 49 to 50, 53 to 54, 56 to 57, 59 to 60 and 62 to 63:
  - » presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - » complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 23, 27, 31, 34, 38, 41 to 42, 47, 51, 54, 57, 60 and 64 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's long-term plan; and
- the funding impact statement for each group of activities on pages 24, 28, 32, 35, 39, 43, 48, 52, 55, 58, 61 and 65 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.

### Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 132 to 135, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group's audited information and, where applicable, the City Council's long-term plan and annual plans.

### Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

### Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

### Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 16 and 136 to 159, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Independence

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have completed other statutory and regulatory engagements for the City Council and its subsidiaries and controlled entities. These engagements are compatible with those independence requirements. Other than the audit, our report on the disclosure requirements and these engagements, we have no relationship with or interests in the City Council or its subsidiaries and controlled entities.



Julian Tan

Audit New Zealand

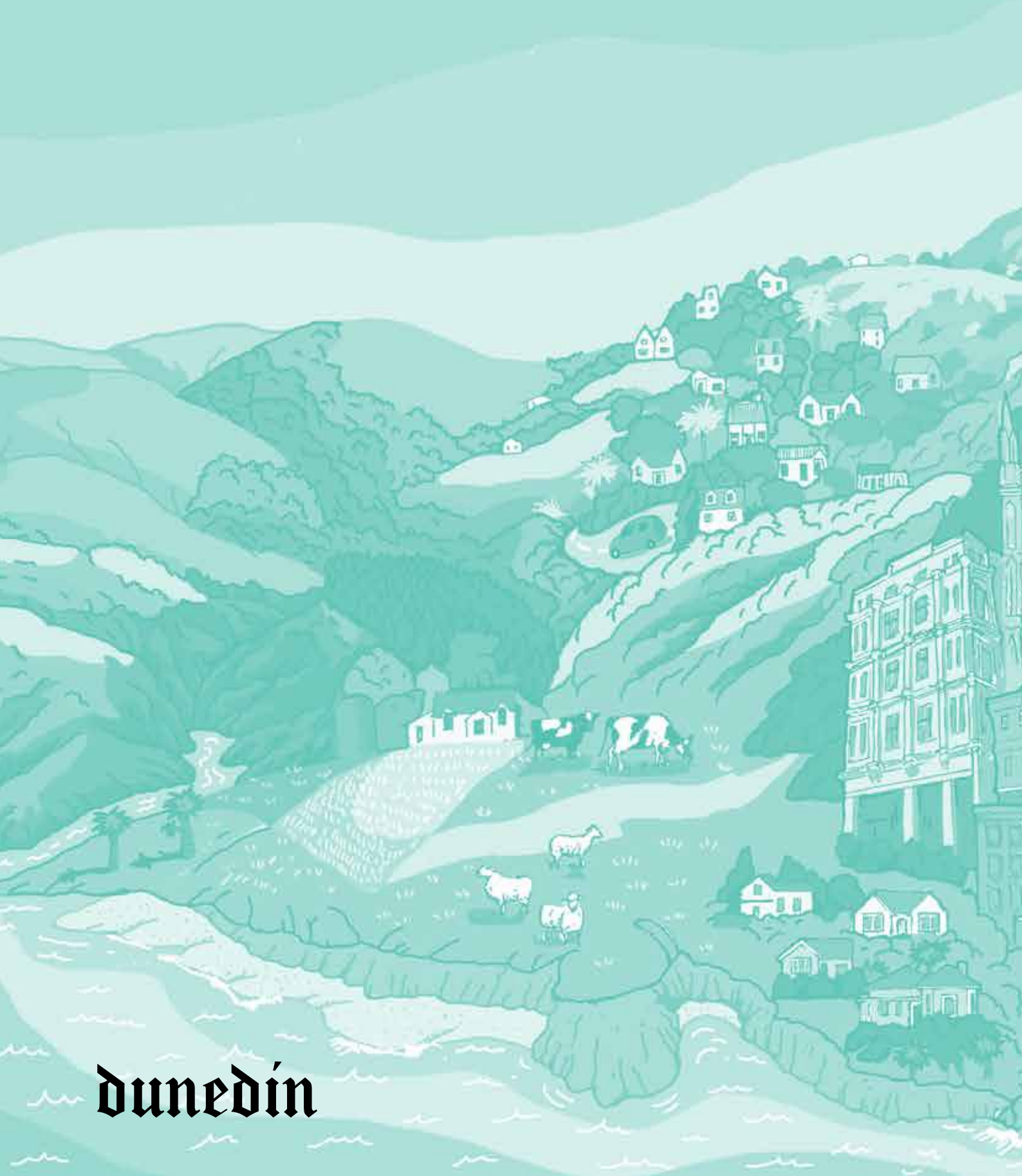
On behalf of the Auditor-General

Dunedin, New Zealand



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